

*The
Cost of Credit
Disclosure
Regulations, 2006*

being

[Chapter C-41.01 Reg 1](#) (effective October 1, 2006).

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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CHAPTER C-41.01 REG 1
The Cost of Credit Disclosure Act, 2002

PART I
Preliminary Matters

Title

1 These regulations may be cited as *The Cost of Credit Disclosure Regulations, 2006*.

Interpretation

2 In these regulations, “**Act**” means *The Cost of Credit Disclosure Act, 2002*.

7 Jly 2006 cC-41.01 Reg 1 s2.

Index rate defined

3 For the purposes of clause 2(q) of the Act, “**index rate**” means an index rate that is:

- (a) set out in a publication that has general circulation in Saskatchewan; or
- (b) published in any other manner that can reasonably be expected to make the rate accessible to a borrower.

7 Jly 2006 cC-41.01 Reg 1 s3.

High-ratio mortgage defined

4 For the purposes of section 3 of the Act and section 5, “**high-ratio mortgage**” means a mortgage loan under which the amount advanced, together with the amount outstanding under any other mortgage that ranks equally with or prior to the mortgage loan, exceeds 75% of the market value of the property.

7 Jly 2006 cC-41.01 Reg 1 s4.

Value received

5 For the purposes of clause 3(2)(h) of the Act, value received or to be received by a borrower in connection with a credit agreement includes:

- (a) a charge for any of the following expenses, if the credit grantor incurs the expense for the purposes of arranging, documenting, insuring or securing a credit agreement and then charges the expense to the borrower:
 - (i) premiums for any insurance that protects the credit grantor against default on a mortgage other than a high-ratio mortgage;
 - (ii) fees paid to a third party with respect to an application for insurance if the insurance applied for is insurance that is mentioned in subclause (i) or in subclause 3(2)(f)(iii) of the Act;

- (b) fees charged by the credit grantor to maintain a tax account on a mortgage other than a high-ratio mortgage;
- (c) any charge for shares in a credit union that a borrower must buy as a condition of entering into a credit agreement with the credit union; and
- (d) a fee charged by a credit grantor with respect to the discharge or assignment of a mortgage.

7 Jly 2006 cC-41.01 Reg 1 s5.

Business day defined

6 For the purposes of subsection 10(1) of the Act, “**business day**” means a day on which the credit grantor is open for business.

7 Jly 2006 cC-41.01 Reg 1 s6.

Reasonable charges defined

7 For the purposes of section 18 of the Act, “**reasonable charges**” includes solicitor and client costs.

7 Jly 2006 cC-41.01 Reg 1 s7.

Non-application of Act

8(1) The Act and these regulations do not apply to:

- (a) a sale of a product by a public utility company that:
 - (i) is owned, operated, managed or controlled by:
 - (A) a government department, corporation, board, commission or any other agency of the Crown in right of Saskatchewan or in right of Canada;
 - (B) a municipality; or
 - (C) a private company or association operating as a public utility company for public purposes; and
 - (ii) provides one or more of the following:
 - (A) telecommunication services;
 - (B) water;
 - (C) sewage removal;
 - (D) garbage removal;
 - (E) electricity;
 - (F) oil, gas or other hydrocarbons;

- (b) a loan made, by an insurer authorized pursuant to *The Saskatchewan Insurance Act* to transact life insurance, under a life insurance policy to the insured or the insured's assignee solely on the security of the cash surrender value of the policy;
 - (c) a loan made pursuant to *The Student Assistance and Student Aid Fund Act, 1985*, the *Canada Student Financial Assistance Act* or the *Canada Student Loans Act*;
 - (d) a loan made pursuant to a program administered by Saskatchewan Housing Corporation;
 - (e) the payment of taxes pursuant to *The Cities Act*, *The Lloydminster Charter*, *The Municipalities Act* or *The Northern Municipalities Act*;
 - (f) credit extended, by an insurer licensed pursuant to *The Saskatchewan Insurance Act* to transact hail insurance, with respect to premiums for hail insurance;
 - (g) overdraft protection on a deposit account; or
 - (h) a lender, with respect to loans made pursuant to *The Agricultural Credit Corporation of Saskatchewan Act*, the *Farm Improvement and Marketing Cooperatives Loans Act (Canada)* or the *Canada Small Business Financing Act*.
- (2) Section 20 of the Act does not apply to mortgage loans.
 - (3) Credit agreements mentioned in clause 10(a) are exempt from the application of section 17 of the Act and clause 25(1)(t) of the Act.
 - (4) Sections 17 to 20 of the Act do not apply to leases.
 - (5) Subsection 43(2) of the Act does not apply to a fixed-term lease whose term is extended unless the lessor and lessee have signed an agreement to extend that term.

7 Jly 2006 cC-41.01 Reg 1 s8.

Exemption from subsection 37.2(5) of the Act

- 9(1) Subsection 37.2(5) of the Act does not apply to the use of a credit card that is used in conjunction with a personal identification number to obtain a cash advance from an automated banking machine, automated teller machine or cash dispensing machine.
- (2) Subsection 37.2(5) of the Act does not apply to the use of a credit card of the type commonly known as a debit card that is used in conjunction with a personal identification number to initiate an electronic withdrawal of funds from the consumer's deposit account for the purpose of:
 - (a) making a purchase using a point-of-sale or point-of-service terminal; or
 - (b) obtaining cash from an automated banking machine, automated teller machine or cash dispensing machine.

7 Jly 2006 cC-41.01 Reg 1 s9.

Credit agreements, etc., to which the Act applies

10(1) For the purposes of clause 4(1)(b) of the Act:

- (a) a credit agreement that is entered into by a borrower who is an individual and that is entered into primarily for the purposes of a farm, ranch or feedlot operation is a credit agreement to which the Act applies; and
- (b) a credit grantor, in the credit grantor's capacity as a party to a credit agreement mentioned in clause (a), is a credit grantor to whom the Act applies.

(2) For the purposes of clause (1)(a), a credit grantor is entitled to rely on a statement in a credit agreement or other document regarding the purpose for which the borrower is entering into the credit agreement if:

- (a) the statement is signed by the borrower; and
- (b) the credit grantor believes in good faith that the statement is true.

7 Jly 2006 cC-41.01 Reg 1 s10.

PART II Calculations

DIVISION 1 Calculating the APR for Credit Agreements

Calculation of APR

11 The APR:

- (a) is an annual rate, expressed as a percentage, that relates the amount and timing of value received or to be received by the borrower in connection with a credit agreement to the amount and timing of value given or to be given by the borrower in connection with the credit agreement, disregarding the possibility of prepayment or default; and
- (b) is calculated in accordance with this Part.

7 Jly 2006 cC-41.01 Reg 1 s11.

Calculating the APR for certain mortgage loans

12(1) In this section, "**mortgage loan**" means a mortgage loan where the interest rate is disclosed in accordance with section 6 of the *Interest Act* (Canada).

(2) The APR for a mortgage loan is the annual discount rate, expressed as a percentage, where the sum of the present values of all anticipated advances equals the sum of the present values of all anticipated payments when the present values are calculated in accordance with section 6 of the *Interest Act* (Canada).

7 Jly 2006 cC-41.01 Reg 1 s12.

When the APR must be the annual interest rate

13(1) This section does not apply to a credit agreement that is a mortgage loan as defined in subsection 12(1).

(2) The APR for a credit agreement is the annual interest rate stated in the credit agreement if:

- (a) there are no non-interest finance charges payable by the borrower under the credit agreement;
- (b) the same interest rate:
 - (i) will apply for the whole term; or
 - (ii) would apply for the whole term as a result of the interest rate being calculated in accordance with subsection 20(5);
- (c) the term of the credit agreement consists of interest compounding periods that are at least as long as the period between required interest payments; and
- (d) the stated annual interest rate is a multiple of the interest rate that applies to each interest compounding period.

7 Jly 2006 cC-41.01 Reg 1 s13.

Calculating the APR for credit agreements

14(1) The APR for a credit agreement to which sections 12 and 13 do not apply is calculated in accordance with the following formula:

$$\text{APR} = \frac{\text{TCC}}{\text{T} \times \bar{\text{P}}} \times 100$$

where:

TCC is the total cost of credit, being the sum of the cost of credit for all of the calculation periods, where the cost of credit for each calculation period is the amount CC calculated in accordance with subsection (4);

T is the length of the term, in years; and

$\bar{\text{P}}$ is the average principal that is outstanding over the term, calculated in accordance with subsection (2).

(2) Subject to subsection (3), and for the purposes of subsection (1), the value is calculated in accordance with the following formula:

$$\bar{\text{P}} = \frac{\text{S}}{\text{CP}}$$

where:

S is the sum of the principal amounts outstanding throughout each of the calculation periods in the term; and

CP is the number of calculation periods in the term.

- (3) For the purposes of calculating the value in accordance with subsection (2):
- (a) the principal that is outstanding at the beginning of the term of the credit agreement is the total of all advances received by the borrower at or before the beginning of the term less the total of all payments made by the borrower at or before the beginning of the term;
 - (b) every advance or payment made throughout the term ends one calculation period and begins another;
 - (c) the principal that is outstanding at any given time must not include any portion of the cost of credit, and the accumulated cost of credit must not be added to the principal that is outstanding; and
 - (d) each payment under a credit agreement must be applied first to the accumulated cost of credit and second, to the extent that the payment exceeds the accumulated cost of credit, to the principal that is outstanding.
- (4) For the purposes of subsection (1), the cost of credit for each calculation period is the amount CC calculated in accordance with the following formula:

$$CC = \frac{APR}{100} \times L \times P$$

where:

APR is the APR;

L is the length of the interest calculation period, expressed as a fraction of a year; and

P is the principal that is outstanding throughout the calculation period before applying any payment due by the borrower.

7 Jly 2006 cC-41.01 Reg 1 s14.

Calculating the APR if rebates must be declined

15(1) In this section:

- (a) **“borrower”** includes a lessee;
 - (b) **“credit agreement”** includes a lease.
- (2) If a borrower must decline a rebate or a portion of a rebate in order to enter into a credit agreement at a particular interest rate, the APR and the total cost of credit must be calculated on the assumption that the value received by the borrower is the cash price of the product, as determined without regard to the rebate, less the amount of the declined rebate.

7 Jly 2006 cC-41.01 Reg 1 s15.

DIVISION 2
Lease Calculations

Calculating the APR for a lease

16(1) The APR for a lease must be calculated in accordance with the following formula:

$$\text{APR} = (\text{M})(\text{PRI})(100)$$

where:

M is the number of payment periods in a year; and

PRI is the periodic rate of interest, calculated in accordance with subsection (2).

(2) For the purposes of subsection (1), the value PRI is the periodic rate of interest that satisfies the following equation:

$$\text{PMT} = \left[\frac{\text{CA} - \text{RP} (1 + \text{PRI})^{-\text{N}}}{\text{PRI}} + \text{A} \right]$$

where:

PMT is the amount of each periodic payment;

CA is the capitalized amount;

RP is the amount of the assumed residual payment;

N is the number of payment periods in the lease; and

A is the number of periodic lease payments that are paid at or before the beginning of the term of the lease.

(3) For the purposes of calculating the APR for a lease:

(a) a charge payable by the lessee is regarded as an advance only if an equivalent charge would be payable by a cash customer; and

(b) an amount payable by the lessee respecting a tax is regarded as a payment only if an amount respecting the tax was treated as an advance in calculating the capitalized amount.

(4) If there is any irregularity in the amount or timing of payments required during the term, the formula in subsection (2) must be modified as necessary to calculate the value PRI in accordance with generally accepted actuarial principles.

(5) For the purpose of calculating the APR for a lease mentioned in clause 39(b) of the Act, the term of the lease is assumed to be one year.

Implicit finance charges for leases

17(1) For the purposes of calculating the implicit finance charge for a lease:

- (a) a charge payable by the lessee is regarded as an advance only if an equivalent charge would be payable by a cash customer; and
- (b) an amount payable by the lessee respecting a tax is regarded as a payment only if an amount respecting the tax was treated as an advance in calculating the capitalized amount.

(2) For the purpose of calculating the implicit finance charge for a lease mentioned in clause 39(b) of the Act, the term of the lease is assumed to be one year.

7 Jly 2006 cC-41.01 Reg 1 s17.

Maximum liability of lessee under residual obligation leases

18(1) For the purposes of section 44 of the Act, the lessee's maximum liability at the end of the term of a residual obligation lease after returning the leased goods to the lessor is the amount M calculated in accordance with the following formula:

$$M = C + (E - R)$$

where:

C is the estimated residual cash payment;

E is the estimated residual value of the leased goods; and

R is the realizable value of the leased goods calculated in accordance with subsection (2).

(2) Subject to subsection (3), the realizable value of leased goods at the end of the lease term is the greatest of:

- (a) the net proceeds for which the lessor disposes of the goods;
- (b) 80% of the estimated residual value; and
- (c) the estimated residual value less three times the average monthly payment.

(3) If the net proceeds mentioned in clause (2)(a) are less than the greater of the amounts mentioned in clauses (2)(b) and (c), the realizable value is reduced to the extent that the difference in the amounts is attributable to unreasonable wear or excess use, or to damage for which the lessee is responsible under the terms of the lease.

7 Jly 2006 cC-41.01 Reg 1 s18.

DIVISION 3
Assumptions, Tolerances and Accuracy of APR

Interpretation of Division

19 In this Division:

- (a) **“borrower”** includes a lessee;
- (b) **“credit agreement”** includes a lease.

7 Jly 2006 cC-41.01 Reg 1 s19.

Assumptions and tolerances in calculating the APR

20(1) The APR must be calculated on the assumption that payments will be made when due.

(2) If a credit agreement calls for payments to be made at intervals of days, weeks or months, the APR may be calculated on the assumption that each day is 1/365 of a year, each week is 1/52 of a year or that each month is 1/12 of a year.

(3) If a credit agreement calls for payments to be made at intervals other than those mentioned in subsection (2), the APR for each calculation period bears the same proportion to the APR as the calculation period bears to one year.

(4) If a borrower is required to pay any non-interest finance charge before receiving an advance under a credit agreement, the APR must be calculated on the assumption that the payment is made at the same time as that advance.

(5) If the interest rate for a credit agreement is variable during the whole term or any period during the term, the APR or any other value that depends on the interest rate must be calculated on the assumption that the interest rate for the term or the relevant period is fixed on the basis of the circumstances existing at the time of the calculation.

(6) The APR for fixed credit that is not a scheduled-payments credit agreement must be calculated on the assumption that the principal that is outstanding will be repaid in a single payment one year after the effective date of the relevant disclosure statement.

(7) When a credit agreement is renewed, for the purpose of calculating the APR and the total cost of credit in accordance with section 14:

- (a) the outstanding balance immediately before renewal is the amount advanced to the borrower at the time of the renewal; and
- (b) advances and payments accounted for in that outstanding balance are to be disregarded.

(8) A disclosed APR is considered to be accurate if it is within 1/8 of 1% of the actual APR for the credit agreement, as calculated in accordance with this Part.

7 Jly 2006 cC-41.01 Reg 1 s20.

DIVISION 4
Other Calculations

Calculation of prepayment refund or credit

21 The portion of each non-interest finance charge that must be refunded or credited to the borrower pursuant to subsection 17(4) of the Act is the amount C calculated in accordance with the following formula:

$$C = \frac{U}{T} \times F$$

where:

U is the length of the unexpired portion of the term at the time of prepayment;

T is the length of the period between the time the non-interest finance charge was imposed and the end of the term; and

F is the amount of the non-interest finance charge.

7 Jly 2006 cC-41.01 Reg 1 s21.

PART III
General

Waiver of disclosure statement re mortgage loans

22(1) A borrower may waive the period for delivery of a disclosure statement mentioned in subsection 10(3) of the Act if the borrower signs a written agreement that clearly and prominently discloses the borrower's intention to waive the period for delivery of the disclosure statement.

(2) If a borrower has waived the period for delivery in accordance with subsection (1), the credit grantor must deliver the disclosure statement at the time of or before the earlier of the events described in clauses 10(3)(a) and (b) of the Act.

7 Jly 2006 cC-41.01 Reg 1 s22.

PART IV
Repeal and Coming into Force

Sask. Reg. 356/78 repealed

23 Saskatchewan Regulations 356/78 are repealed.

7 Jly 2006 cC-41.01 Reg 1 s23.

R.R.S. c.C-41 Reg 1 repealed

24 *The Cost of Credit Disclosure Regulations, 1995* are repealed.

7 Jly 2006 cC-41.01 Reg 1 s24.

Coming into force

25(1) Subject to subsection (2), these regulations come into force on the day on which section 1 of *The Cost of Credit Disclosure Act, 2002* comes into force.

(2) If these regulations are filed with the Registrar of Regulations after the day on which section 1 of *The Cost of Credit Disclosure Act, 2002* comes into force, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

7 Jly 2006 cC-41.01 Reg 1 s25.

