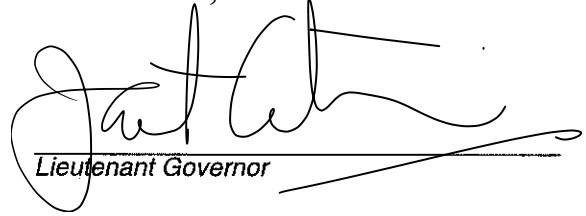


PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 635

, Approved and Ordered November 23, 2021



Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that, effective May 1, 2022, the attached High-Cost Credit Products Regulation is made.



Minister of Public Safety and Solicitor General
and Deputy Premier



Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Business Practices and Consumer Protection Act*, S.B.C. 2004, c. 2, ss. 142.1, 194 (3), 197.2, 199 (1) and 201

Other: _____

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HIGH-COST CREDIT PRODUCTS REGULATION

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Definitions for regulation

- 1 In this regulation:
 - “**Act**” means the *Business Practices and Consumer Protection Act*;
 - “**credit sale**” has the same meaning as in Part 5 [*disclosure of the cost of consumer credit*] of the Act;
 - “**high-cost credit grantor licence**” means a licence to engage in the designated activity referred to in section 4;
 - “**reporting agency**” has the same meaning as in Part 6 [*credit reporting*] of the Act.

Definitions for Act and regulation

- 2 In Part 6.3 [*high-cost credit products*] of the Act and this regulation, “**credit agreement**” and “**lease**” have the same meaning as in Part 5 [*disclosure of the cost of consumer credit*] of the Act.

Definition for Act

- 3 In Part 6.3 [*high-cost credit products*] of the Act, “**lessee**” has the same meaning as in Part 5 [*disclosure of the cost of consumer credit*] of the Act.

Designated activity

- 4 The business of high-cost credit grantor is designated for the purposes of the definition of “designated activity” in section 142 of the Act.

Exemption – loan broker

- 5 Part 6.3 [*high-cost credit products*] of the Act, and this regulation, do not apply to a loan broker when the loan broker arranges, negotiates or facilitates an extension of credit that is not a high-cost credit product.

Exemption – credit sale or lease

- 6 Sections 112.20 [*high-cost credit product cancellation rights*] and 112.21 (2) (z) and (5) (a) [*high-cost credit agreements: required terms*] of the Act do not apply in respect of a high-cost credit agreement in relation to a credit sale or a lease.

Exemption – credit reporting

- 7 Section 112.29 [*use and disclosure of borrower information restricted*] of the Act does not apply to a high-cost credit grantor when the high-cost credit grantor requires, requests or accepts consent from a borrower of a high-cost credit product to use or disclose the borrower’s personal information for the purposes of providing credit information of the borrower in relation to the high-cost credit product to a reporting agency.

Exemption – savings institution

- 8 Section 143 [*licence required*] of the Act, and this regulation, do not apply to a savings institution when the savings institution offers, arranges, provides or facilitates a high-cost credit product.

Definition of “high-cost credit product”

- 9 (1) For the purposes of paragraph (a) of the definition of “high-cost credit product” in section 112.16 of the Act,
(a) the prescribed APR is 32%, and
(b) credit must be extended through the fixed credit product primarily for a personal, family or household purpose.
- (2) For the purposes of paragraph (b) of the definition of “high-cost credit product” in section 112.16 of the Act,
(a) the annual interest rate is calculated as follows:

$$\text{Annual Interest Rate} = \frac{\text{Interest Rate}}{\text{Period}} \times \frac{\text{Number of periods}}{\text{Year}}$$

- (b) the prescribed annual interest rate is 32%, and
(c) credit must be extended through the open credit product primarily for a personal, family or household purpose.
- (3) For the purposes of paragraph (c) of the definition of “high-cost credit product” in section 112.16 of the Act,
(a) the prescribed APR is 32%, and

- (b) credit must be extended through the lease primarily for a personal, family or household purpose.
- (4) For the purposes of the definition of “high-cost credit product” in section 112.16 of the Act, a high-cost credit product does not include the following:
 - (a) a loan of money if the principal of the loan is less than \$1 500 and the term of the loan is less than 62 days;
 - (b) a margin loan.

Application for high-cost credit grantor licence

- 10** (1) An applicant for a high-cost credit grantor licence must submit the following to the director:
- (a) if the applicant is a corporation, the names and addresses of
 - (i) the senior officers, as defined in the *Business Corporations Act*, of the corporation, and
 - (ii) the beneficial owners of the shares of the corporation;
 - (b) if the applicant is a partnership, the name and address of each partner in the partnership;
 - (c) if the applicant is a sole proprietor, the name and address of the proprietor;
 - (d) if the head office of an applicant is located outside British Columbia, a certificate of registration in the applicant's home jurisdiction showing the applicant's name and any other names under which the applicant conducts business;
 - (e) aggregate data required by the director in a form and containing the information required by the director;
 - (f) a sample copy of each of the following documents that the applicant uses or intends to use:
 - (i) the standard high-cost credit agreement for each type of high-cost credit product that the applicant proposes to offer, arrange, provide or facilitate;
 - (ii) the receipt referred to in section 112.20 (6) [*high-cost credit product cancellation rights*] of the Act for the amount the borrower repaid or returned to the high-cost credit grantor on the cancellation of the high-cost credit product under that section;
 - (iii) the cancellation notice referred to in section 112.21 (5) (a) [*high-cost credit agreements: required terms*] of the Act;
 - (iv) the debt collection notice required by section 115 [*disclosure to debtor*] of the Act;
 - (g) subject to any applicable amount set by the administrative authority, payment of \$200 to the Consumer Financial Education Fund.
- (2) Without limiting paragraph (e) of subsection (1), the aggregate data submitted under that paragraph must include data respecting the number, amounts and duration of high-cost credit products issued, and the number of default charges imposed, within the period specified by the director.

- (3) If the term of the high-cost credit grantor licence to be issued is less than one year, the payment to the Consumer Financial Education Fund under paragraph (g) of subsection (1) is to be pro-rated on a monthly basis.
- (4) If the term of the high-cost credit grantor licence to be issued is greater than one year, the payment to the Consumer Financial Education Fund under paragraph (g) of subsection (1) is to be made in respect of each year in the term.

High-cost credit grantor licence for each location

- 11 A high-cost credit grantor must have a separate high-cost credit grantor licence for each location from which the high-cost credit grantor conducts business in British Columbia.

Term of high-cost credit grantor licence

- 12 The director may issue a high-cost credit grantor licence for a term not exceeding 3 years.

Display of high-cost credit grantor licence

- 13 (1) A high-cost credit grantor must prominently display the high-cost credit grantor licence in the location for which it is issued.
 - (2) If the high-cost credit grantor does business by means of the internet, the high-cost credit grantor must display the high-cost credit grantor licence number and other identification, in a form approved by the director, prominently at, or near, the top of the introductory page of any website for British Columbia borrowers.
 - (3) The high-cost credit grantor must include the high-cost credit grantor licence number in all representations and visual advertisements.

Business name

- 14 A high-cost credit grantor must not carry on a business in a name other than the name on the high-cost credit grantor licence issued to the high-cost credit grantor.

High-cost credit grantor licence application fees

- 15 (1) Subject to any applicable fees set by the administrative authority, an applicant for a high-cost credit grantor licence must pay the following application fees and submit the fees with the application:
 - (a) \$5 412 for the applicant's head office or primary location;
 - (b) \$2 229 for each additional location from which the applicant conducts business.
- (2) If the term of the high-cost credit grantor licence to be issued is less than one year, the application fees are to be pro-rated on a monthly basis.
- (3) If the term of the high-cost credit grantor licence to be issued is greater than one year, the fees set out in subsection (1) are to be paid in respect of each year in the term.

Reporting changes to the director

- 16 (1) A high-cost credit grantor must submit information respecting the following changes to the director within 14 days of the change occurring:
- (a) a change in address for the head office or for a location from which the high-cost credit grantor conducts business;
 - (b) if the high-cost credit grantor is a corporation,
 - (i) a change in the senior officers, as defined in the *Business Corporations Act*, of the high-cost credit grantor, or
 - (ii) a material change in the beneficial ownership of the shares of the high-cost credit grantor.
- (2) A high-cost credit grantor who revises a document required by section 10 (1) (f) [*application for high-cost credit grantor licence*] must submit a copy of the revised document to the director within 14 days of the revision occurring.

Retention of documents

- 17 (1) A high-cost credit grantor must retain, for the period set out in subsection (2) or (3), as applicable, copies of all records relating to a high-cost credit agreement that it enters into with a borrower, including the following:
- (a) the high-cost credit agreement;
 - (b) every pre-authorized debit agreement entered into in connection with the high-cost credit agreement;
 - (c) every record respecting credit information provided to a credit reporting agency in connection with the high-cost credit agreement;
 - (d) every record respecting the assignment or sale of the high-cost credit agreement.
- (2) The documents and records referred to in subsection (1) with respect to a high-cost credit product that is fully repaid must be retained for the following periods:
- (a) in the case of a fixed credit product, 3 years after the date on which the amount owing under the high-cost credit agreement is fully repaid;
 - (b) in the case of an open credit product, 3 years after the date that the open credit product is no longer available to the borrower;
 - (c) in the case of a lease, 3 years after the later of
 - (i) the date of the last payment, and
 - (ii) the end of the term of the high-cost credit agreement.
- (3) The documents and records referred to in subsection (1) with respect to a high-cost credit product that is not fully repaid must be retained for a period of 3 years after the later of
- (a) the date of the last payment, and
 - (b) the date of the last demand for payment.

Fee prohibited for additional attempt to process scheduled payment

- 18 For the purposes of section 112.18 (f) [*certain fees, penalties and charges prohibited*] of the Act, a high-cost credit grantor must not charge, require or accept any fee in respect of an additional attempt, under section 112.27 (2) [*additional attempt by high-cost credit grantor to access payment in certain circumstances*] of the Act, to process a regularly scheduled payment that was dishonoured.

How to give notice of cancellation

- 19 (1) For the purposes of section 112.20 (3) (a) [*high-cost credit product cancellation rights*] of the Act, a borrower may give a cancellation notice to a high-cost credit grantor by any method that permits a person to produce evidence that the borrower cancelled the high-cost credit product on a specific date, including by
- (a) delivering the cancellation notice in person, or
 - (b) sending the cancellation notice
 - (i) by courier or registered mail to the business address, mailing address or address for service of documents of the high-cost credit grantor, as applicable, as set out in the high-cost credit agreement,
 - (ii) by facsimile to the facsimile number of the high-cost credit grantor, as set out in the high-cost credit agreement, or
 - (iii) by email to the email address of the high-cost credit grantor, as set out in the high-cost credit agreement.
- (2) A cancellation notice that is given other than by delivery in person is deemed to have been given at the time it is sent.

Other methods of repayment on cancellation

- 20 For the purposes of section 112.20 (3) (b) [*high-cost credit product cancellation rights*] of the Act, the following additional manners of repayment of the outstanding balance under the high-cost credit agreement are prescribed:
- (a) if the high-cost credit grantor used an electronic method for providing the high-cost credit product, repayment by an electronic method;
 - (b) repayment by any other method acceptable to the high-cost credit grantor.

High-cost credit agreements: total cost of credit time period

- 21 For the purposes of section 112.21 (2) (m) (ii) [*high-cost credit agreements: required terms*] of the Act, the prescribed time period for expressing the total cost of credit based on the maximum available if the high-cost credit product is repaid within the prescribed time period is one year.

High-cost credit agreements: information and statement

- 22 For the purposes of section 112.21 (2) (z.2) [*high-cost credit agreements: required terms*] of the Act, a high-cost credit grantor must ensure that a high-cost credit agreement includes
- (a) in the case of a fixed credit product, the total cost of any optional product to be purchased by the borrower if the full term of the optional product were to be completed,

- (b) in the case of an open credit product, the maximum total cost of any optional product to be purchased by the borrower if the full term of the optional product were one year,
- (c) if the high-cost credit grantor is located outside British Columbia, the address of the high-cost credit grantor's office in British Columbia for service of documents, and
- (d) the following statement:

High-cost credit lending is regulated by the Province of British Columbia. High-cost credit lenders must be licensed and follow requirements under the *Business Practices and Consumer Protection Act*. If you have a complaint about a high-cost credit lender or would like to know more about your rights as a borrower, please contact Consumer Protection BC (the Business Practices and Consumer Protection Authority).

Borrower review of matters in high-cost credit agreement

- 23 For the purposes of section 112.21 (4) (a) [*high-cost credit agreements: required terms*] of the Act, a high-cost credit grantor must review the following matters with a borrower before the borrower signs a high-cost credit agreement:
- (a) the matters referred to in section 112.21 (2) (e) to (g), (l), (m), (t) and (z) of the Act;
 - (b) if applicable, the total cost of any optional product as described in section 22 (a) and (b) of this regulation.

Cancellation of optional product

- 24 On the cancellation of an optional product purchased by a borrower for which payments are to be made, or were made, to or through a high-cost credit grantor, the high-cost credit grantor must immediately give the borrower written confirmation of the cancellation.

Receipt for payment

- 25 For the purposes of section 112.25 (2) [*entitlement to prepay and receipts for payment*] of the Act, a receipt for payment must include the following information:
- (a) the payment date;
 - (b) the amount paid;
 - (c) the amount of the payment applied to interest on the high-cost credit product, to the principal of the high-cost credit product and to any charges;
 - (d) the balance owing;
 - (e) if applicable, the changes to the payment schedule that result from the payment;
 - (f) if applicable, the date and amount of the next scheduled payment.

Payout of balances on cash cards

- 26 (1) For the purposes of section 112.30 (1) (a) [*payout of balances on cash cards*] of the Act, a borrower is entitled to be paid in cash the amount of the balance of credit remaining on a cash card if the balance is less than \$25.

- (2) For the purposes of section 112.30 (4) [*payout of balances on cash cards*] of the Act, if a balance of credit remains on an expired cash card issued by a high-cost credit grantor to a delinquent borrower, the high-cost credit grantor may recover from the cash card only the amount due on the high-cost credit product, including default charges.
- (3) A high-cost credit grantor who recovers an amount referred to in subsection (2) must
 - (a) issue a receipt to the delinquent borrower for the amount recovered,
 - (b) inform the delinquent borrower of any remaining balance on the cash card and how the balance may be refunded, and
 - (c) return any remaining balance on the cash card to the delinquent borrower immediately on demand by the borrower or by the director.