

The following checklist sets out the disclosure requirements that must be made to a payday loan borrower. Applicants for a payday lender licence must submit copies of their standard payday loan agreement and a sample of that loan agreement for a \$300 loan for 14 days. The standard and the sample agreements must demonstrate that they both contain all the disclosure requirements set out in the legislation.

The checklist below cites the legislative authority for each disclosure requirement and briefly summarizes the nature of the requirement. A blank space has been provided for each requirement that you should use to reference the requirement on the checklist to the corresponding provision in your loan agreement or accompanying disclosure document that meets the requirement. It is suggested that you use a numbering system for the cross referencing.

For example, Section 112.06(2)(a) of the *Business Practices and Consumer Protection Act* requires the loan agreement/disclosure document to name the lender. On the standard and sample agreements, you should place the number “1” over or opposite the location on the agreement/disclosure document where the lender’s name is disclosed. That same number should then be placed on this checklist opposite that requirement. In some instances, the reference number may appear more than once in your agreement/disclosure document. Section 112.04(b) prescribes that only those fees and costs specified in the agreement can be charged to a borrower. In your business, you may decide to charge a cost of credit fee (the 15% maximum of principal) plus an interest rate to be charged if the loan is not repaid in accordance with the agreement. Both of these charges must be disclosed to be chargeable and you must demonstrate this. In this instance if you could number that requirement as “2” and then write the “2” twice in your loan agreement where the 2 charges are disclosed. Those would be on or opposite the agreement provision that details the cost of credit fee and the second would be on or beside the provision that specifies that an arrears interest charge will be made if the loan is not repaid as agreed.

Depending on the nature of your business model, not all disclosure requirements may be applicable to the loans you make. For instance, if you do not use a cash or credit card to advance funds to the borrower, the provisions relating to cash cards would not apply to your loans. So you do not need to disclose them. To provide for this, some requirements on the checklist have a space provided titled “N/A”, meaning Not Applicable. For provisions that are not applicable to your loans, please check this box to indicate the provision is not applicable. Please note that most disclosure requirements will apply to all business models and therefore is no space to mark them as “Not Applicable” on the checklist.

Note that this Compliance Checklist is only applicable to payday loans.

The checklist also contains a listing of the other documents you must provide with your application. Please ensure you provide them and check them off the list to indicate to us they are included.

Standard Loan Agreement Disclosures

Legislative Reference	Licensee's Reference	N/A	Summary of Legislative Provision
S. 112.04(1)(b)			Cannot charge any fee, penalty or charge unless disclosed in the agreement
S. 112.06(1)			Disclosure must be made in written document signed and dated by borrower
S. 112.06(2)(a)			Identifying and contact information of the payday lender
S. 112.06(2)(a)			Name and operating name, if different from above
S. 112.06(2)(b)			Business address
S. 112.06(2)(b)			Mailing address, if different from its business address
S. 112.06(2)(c)			Licence number, telephone number, fax number and email address, if any
PDL 12			PLR 12-Out-of-province lenders-If payday lender is located outside BC, address inside BC for legal service of documents, if applicable
S. 112.06(2)(d)			Borrower's name
S. 112.06(2)(e)			Date of the agreement
S. 112.06(2)(e)			Dates of advances to the borrower under the Agreement
S. 112.06(2)(f)			Principal amount of loan
S. 112.06(2)(g)			Term of loan
S. 112.06(2)(h)			Amount of cash already paid or transferred to the borrower, if any
S. 112.06(2)(i)			Amount of credit available on cash card given to borrower
S. 112.06(2)(j)			Expiry date of cash card issued to borrower, if any
S. 112.06(2)(k)			Total cost of credit
S. 112.06(2)(k)			APR of the loan
S. 112.06(2)(m)			Interest rate on the principal of the loan and amount of interest and total amount of interest payable under the loan
S. 112.06(2)(n)			Amount and/or rate of each permissible charge payable under the loan
S. 112.06(2)(o)			Date(s) and amount(s) of each repayment due under the agreement
S. 112.06(2)(l)			Statement that interest is applied only to principal of loan
S. 112.06(2)(p)			Statement that a payday loan is a "high cost loan"
S. 112.06(2)(q)			Statement of borrower's rights to cancel the loan, how to exercise those rights and the time limits to exercise the right
S. 112.06(2)(r)			Statement of remedies available to the borrower if the lender charges more than prescribed maximums or for other prescribed reasons
S. 112.06(2)(s)			A statement that 3rd party service charges may apply to use of the card
PDL Reg 14			The following statement: "Payday loans are regulated under the Business Practices and Consumer Protection Act. For information on the requirements relating to payday loans, please contact the Business Practices and Consumer Protection Authority."
PDL Reg 19(3)			Statement that the supply of other goods or services is separate and optional
S. 112.06(4)(b)			Payday lender must specifically review the 3 provisions of the Agreement in regards to 1) the cost of credit of the loan, 2) the cost of credit expressed as an annual percentage rate (APR), and 3) the cancellation provisions with the borrower before the borrower signs and the borrower must initial to evidence each review

Other Required Disclosure Documents

PDL Reg 4(2)(a)(ii)			Sample loan agreement for \$300 for 14 days is attached and marked with indicated reference number
PDL Reg 4(2)(a)(iii)			Rate structure for payday loans, including interest and permissible charges is attached and marked with indicated reference number
PDL Reg 4(2)(a)(iv)			Loan cancellation notice is attached and marked with indicated reference number
PDL Reg 4(2)(a)(v)			Form acknowledging receipt of loan cancellation is attached and marked with indicated reference number
PDL Reg 4(3))			Aggregate loan data for previous fiscal year, in approved format, if in business more than 1 year