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**COMMISSION DES SERVICES
FINANCIERS ET DES SERVICES
AUX CONSOMMATEURS**

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PAYDAY LENDER *LICENSING KIT*

Operating a Payday Lender business in New Brunswick is a privilege that comes with a number of responsibilities. As a Payday Lender carrying on business in the province, you will be required to meet the terms of the *Cost of Credit Disclosure and Payday Loans Act*, and its Rules: Rule PDL-001 Payday Loans Licensing and ongoing Obligations and Rule PDL-002 Fees) and Regulations. These can be obtained at www.gnb.ca/acts and at www.fcnb.ca.

Please use this kit as a checklist. Our licensing kit contains direction on how to prepare when applying for a licence to carry on business as a payday lender in New Brunswick. This kit sets out the supporting information to be provided by an applicant applying for a payday lender licence under the Act.

Your Payday Lender licence is a very important part of operating your business. Please take sufficient time to completely review this kit. This kit will provide you with all the information you will need when submitting your application for a licence before 1 January 2018.

It is the responsibility of the applicant to become familiar with the Act, Rules and Regulations.

What you will find in this kit

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INDUSTRY OVERVIEW

Important definitions

The Act requires that any person offering, arranging or providing a payday loan must obtain a licence in New Brunswick.

“Payday lender” means a credit grantor who offers, arranges or provides a payday loan.

“Payday loan” means a loan of money

- (a) with a principal of no more than \$1,500,*
- (b) with a term that is no longer than 62 days, and*
- (c) that is made in exchange for a post-dated cheque, a pre-authorized debit or a future payment of a similar nature but not for any guarantee, suretyship, overdraft protection or security on property and not through a margin loan, pawnbroking, a line of credit or a credit card.*

Extensions of other forms of credit

Section 37.381 of the Act stipulates that no payday lender shall extend credit to any person other than by means of payday loan. Applicants will be required to indicate on their application that they are not offering any other forms of credit to consumers.

LICENSING

Obtaining a Licence

The application for licence will be accessible through the FCNB Portal at fcnb.ca.

As of January 1, 2018 a person who wishes to offer, arrange or provide payday loans must first be licensed. If offering, arranging and providing payday loans at more than one location, the applicant shall apply for a separate licence for each location. Payday lenders who offer payday loans online will require a separate licence for their online activity. **Please note a licensee is not authorized to operate an office from a private dwelling.**

A licence is not transferable or assignable. A licence ceases to be valid one year after the day it is issued or, in the case of any renewal, on the next anniversary date of its issuance.

Licensing criteria

- Individual applicants must be at least 19 years of age.
- If the applicant is a corporation, all of its officers and directors must be at least 19 years of age, and if a partnership, members must be at least 19 years of age.
- The applicant must include a criminal record check concerning the following individuals:
 - in the case of a corporation, each director and officer of the corporation;
 - in the case of a partnership, each partner of the partnership; or
 - in the case of a sole proprietor, the sole proprietor
- The applicant must indicate on the application whether they:
 - have been convicted of an offence under the *Criminal Code* of Canada;
 - are the subject of a judgment, including a default judgment, in respect of a claim arising out of the business of payday lending against the applicant;
 - are an undischarged bankrupt; or
 - have had a payday lender licence previously suspended or cancelled in another jurisdiction.

Terms & conditions of a licence

A licensee must:

- Operate under the licensee's legal name(s) and use only the business name(s) listed on the licence when carrying on business activities and making payday loans;
- Display its licence in an area to which the public has access, so that the licence is visible to persons immediately upon entering the office;
- Immediately return the licence to the Commission if the licence has been cancelled;
- Display and provide educational materials about the payday lending industry, financial planning, the Act, the regulations and the rules that are visible to borrowers immediately upon entering the office, the website or the mobile application of the licensee; and
- In the event of a payday loan provided over the Internet or other electronic means:
 - Communicate to the borrower, as soon as the borrower makes contact with the licensee, the educational materials described above are available, and
 - Immediately provide the educational materials to the borrower if requested by the borrower.
- Demonstrate a positive working capital by filing audited financial statements within three months of the end of its fiscal year, which include:
 - A written certification of its accuracy, signed by two directors of the payday lender, and
 - An auditor's report expressing an unmodified opinion.
- Complete an Annual Return through the portal.
 - All Payday Lenders shall provide information based on the loan data of each location and web site. Information for the calendar year 2018 must be submitted by 1 February 2019.

Documentation that must accompany an application

A Payday Lender must submit the following with their application/renewal:

- The licence fee for applications and renewals of \$3,000 per year, for each location and web site from which the licensee conducts business. Cheques should be made payable to the Financial and Consumer Services Commission.
- A copy of the loan agreement.
 - For each loan option offered by the applicant, a completed sample payday loan agreement for a \$300 loan for a 14 day term that demonstrates that neither the total cost of credit nor any component of the total cost of credit exceeds any maximum set in accordance with the regulations (learn more on what your loan agreement must include on page 9)
- The form to be used by the borrower, if the borrower elects to cancel the loan (see example, p. 7-8).
- The form used by the lender to acknowledge receipt of the loan cancellation (see example, p. 7-8).
- The form of receipt which the lender uses to acknowledge cash payments made by the borrower, which must be issued in duplicate form and meet the following requirements:
 - one copy must be provided to the borrower;
 - one copy must be retained by the payday lender; and
 - all copies of the receipts must contain the name of the borrower, the date of payment, the amount paid and the amount still owing on the payday loan, if any.
- Documentation demonstrating that the applicant maintains separate accounts with a financial institution that:
 - are in the legal name(s) of the licensee;
 - are with a financial institution located in New Brunswick;
 - hold all amounts received and disbursed in connection with licensed activities; and
 - hold only funds received and disbursed in connection with licensed activities.

This is provided as an example. If you have any questions or concerns about payday loans, cancellation rights or collection practices, contact the Financial and Consumer Services Commission.

Notice of Cancellation

I _____, residing _____
(Borrower) (Address)

hereby notify <Company> of cancellation of the Loan and Tender Repayment of the Loan Advance.

Loan Number: _____ Loan Amount: _____

Loan Date: _____

Borrower Date/Time

.....

Receipt

<Company> acknowledges receipt of Notice of Cancellation and repayment of the Loan Advance within the Cancellation Period from _____

(Borrower)

residing at _____
(Address)

Loan Number: _____ Loan Amount: _____

Loan Date: _____

<Company> Date/Time

The payday loan has been cancelled at the borrower's request within the 48 hour cancellation period and the borrower is released from any further obligation in connection with the payday loan.

<Company>
Street Address
City, Province
Postal Code

Phone:
Toll-free:
Fax:
Email:

Ce document est fourni à titre indicatif seulement. Pour toute question au sujet des prêts sur salaire, des droits de résiliation, ou des pratiques de recouvrement, communiquez avec la Commission des services financiers et des services aux consommateurs

Avis de résiliation

Moi, _____, résidant au _____
(Emprunteur) (Adresse)

j'informe par les présentes <nom de la société> de la résiliation du prêt et du remboursement de l'avance.

Prêt n° : _____ Montant du prêt : _____

Date du prêt : _____

Signature de l'emprunteur

Date/heure

Accusé de réception

<Nom de la société> accuse réception de l'avis de résiliation et du remboursement de l'avance au cours de la période de résiliation de 48 heures de la part de _____

(Emprunteur)

résidant au _____
(Adresse)

Prêt n° : _____ Montant du prêt : _____

Date du prêt : _____

<Nom de la société>

Date/heure

Le prêt sur salaire a été résilié à la demande de l'emprunteur, durant la période de résiliation de 48 heures, et l'emprunteur est libéré de toute obligation future en ce qui concerne le prêt sur salaire.

<Nom de la société>

Adresse

Municipalité, Province

Code postal

Téléphone:

Numéro sans frais:

Numéro de télécopieur:

Courriel:

COMPLIANCE

Disclosure to Borrower Checklist

The payday loan agreement must be written in a clear and comprehensible manner, and signed and dated by the borrower. It must be provided to the borrower at the time the agreement is signed.

A payday lender shall ensure that the payday loan agreement includes all of the following terms, information and statements:

- the date & the time of day the payday loan agreement was entered into
 - the date on which the first advance will be made to the borrower or to the order of the borrower
 - the date or dates on which any other advances will be made to the borrower or to the order of the borrower
- the time of day the initial advance is made or the cash card is activated
- the payday lender's name and any business name used by the payday lender
- the payday lender's business address and, if different, the payday lender's mailing address
- the payday lender's licence number, telephone number and, if the payday lender has a fax number or e-mail address, that fax number and e-mail address
- the borrower's name
- the borrower's address and telephone number
- the principal of the payday loan
- the total amount to be repaid by the borrower
- the cost per \$100 borrowed
- the maximum allowable cost per \$100 borrowed as fixed by regulation
- the term of the payday loan
- with respect to each advance, the amount of cash to be advanced to the borrower or the amount of money to be transferred to the borrower or to the order of the borrower
- the amount of credit available on a cash card issued to the borrower
- if a cash card issued to the borrower has an expiry date, the date of that expiration
- if a cash card is to be issued to the borrower, a statement identifying that third party service charges may apply for use of the card
- the total cost of credit and the APR
 - space for the borrower's initials**
- the rate of interest that applies, together with a statement of the total amount of interest that is payable under the agreement

- each of the fees, penalties, rates, commissions or charges that apply, together with a statement of the amount of each of those fees, penalties, rates, commissions or charges
- the amount and timing of any payments to be made by the borrower
- a statement that the payday loan is a high cost loan
- a statement of the borrower's rights of cancellation (sample provided below)
 - space for the borrower's initials**
- a statement of the remedies available to the borrower
- the total cost for any optional insurance premiums paid by the borrower
- if the payday lender provides internet payday loans, it must ensure that the payday loan agreement contains the address of its office in New Brunswick for service of documents.
- the form of receipt (sample provided below) the payday lender will provide upon cancellation of the loan by the borrower
- the payday loan agreement must include the contact information for the Commission, including website and toll-free number
- the payday loan agreement must be signed by the payday lender.

A Payday lender must also include the following statements to the borrower in the payday loan agreement:

- the supply of other goods or services is separate and optional from the payday loan;
- if the payday lender requires the borrower to obtain insurance as a condition of the payday loan, the borrower has the right to obtain the insurance from any insurer authorized by law to provide it;
- if any optional services are provided by the payday lender, the borrower is entitled to cancel those services;
- rollover loans used to grant an extension or renewal of a payday loan or an advancement of a new payday loan to payout an existing loan are prohibited;
- the borrower is entitled to prepay the outstanding balance at any time without charge or penalty and is entitled to make partial prepayments without charge or penalty on any scheduled payment date;
- the borrower has the right to obtain a free copy of the payday loan agreement from the payday lender at any time upon request; and
- Payday loans are regulated by the *Cost of Credit Disclosure and Payday Loans Act*.

Any of the following charges that may be included in the cost of borrowing:

- fees related to pre-authorized debits used to repay a payday loan, even if the pay day loan is past due;
- fees payable to an agent or broker of the payday lender; and
- fees, commissions, charges, or other amounts related to issuing, loading, activating and using a cash card, including those payable to a third party

If a cash card is issued in respect of a payday loan, the following information:

- the terms and conditions for use of the cash card;
- restrictions or exclusions related to the use of the cash card;
- instructions on how to use the cash card;
- information on how the borrower can verify the current balance of the cash card at no charge;
- the process to obtain a replacement card and any amount the borrower is required to pay for replacement;
- whether or not the cash card can be used for subsequent payday loans with the payday lender;
- an itemization of each component of the total cost of credit or consideration charged, paid or given, or to be charged, paid or given, by or to the payday lender or any other person, in relation to the cash card;

CANCELLATION RIGHTS

The cancellation form which is given to the borrower at the time the loan is extended shall contain the following statement:

CANCELLATION RIGHTS	DROITS D'ANNULATION
<p>You may cancel this payday loan within 48 hours after you have received the first advance or a cash card that is capable of being used. You must provide written notice to the payday lender if you choose to cancel the loan. The notice period may be extended by a further period of up to 48 hours if the 48 hours included a Sunday or holiday. You do not have to give a reason for cancelling the payday loan agreement. To cancel the payday loan agreement, you must provide your notice of cancellation, together with the amount you borrowed, to the business you dealt with to get your loan. If you have made any payments under the loan, the payday lender must return those payments to you without delay.</p>	<p>Vous pouvez résilier ce prêt sur salaire dans les 48 heures suivant la réception de la première avance ou d'une carte porte-monnaie électronique. Vous devez alors donner un préavis écrit au prêteur. La période de préavis peut être prolongée d'une autre période maximale de 48 heures si les 48 premières heures incluaient un dimanche ou un congé. Vous n'êtes pas tenu de fournir un motif pour la résiliation du contrat de prêt sur salaire. Afin de résilier le contrat de prêt sur salaire, vous devez fournir votre préavis de résiliation ainsi que le montant de l'emprunt à l'entreprise avec laquelle vous avez traité pour obtenir le prêt. Si vous avez fait des paiements aux termes du prêt, le prêteur doit vous rembourser ces paiements sans délai.</p>

The statement shall:

- have the heading "**CANCELLATION RIGHTS/DROITS DE RÉSILIATION**" in fourteen (14) point bold capital letters
- be in both official languages
- have both versions of the cancellation rights statement arranged side by side on the cancellation form
- be outlined so as to be noticed by the borrower
- occupy the full width of the page and at least seven centimeters in height

Signage Requirements

A payday lender must prominently display at each of its physical locations where a payday loan is negotiated or entered into, signs in both official languages that are visible to borrowers immediately on entering any such locations, and that contain the following information in the same order (signage example provided on next page)

- the heading “**Maximum Allowable Cost per \$100 Borrowed**” in letters that are at least 72 point font size;
- centered below the heading, the amount “**\$15.00**” in 144 point font size;
- a subheading in at least 54 point font size with the words:
 - “Example: \$300 loan for 14 days:”
 - “Principal Amount: \$300.00”
 - “Total Cost of Credit:” followed by the total cost of borrowing per each \$300 advanced under the payday loan agreement.
 - “Annual Percentage Rate (APR):” followed by the APR for \$300
 - “Total to Repay” followed by the total of \$300 and the total cost of borrowing per each \$300 advanced under the payday loan agreement;
- at the bottom of the sign, the following statements in at least 36 point font size:
 - “If you have any questions or concerns about payday loans, cancellation rights or collection practices, contact the Financial and Consumer Services Commission (FCNB) toll free at 1-866-933-2222.”
“This information meets the requirements under the *Cost of Credit Disclosure and Payday Loans Act*”

The signs must be a minimum size of 61 cm in width x 76 cm in height and the lettering must clearly contrast with the background and must have a brightly colored border that is at least five centimeters wide.

Along with the signs being visible to borrowers immediately on entering any location where a payday loan is negotiated or entered into, a payday lender must also ensure that signs are visible to borrowers at each place within that location where payday loans are negotiated or entered into, and contain the information set out in not less than 28-point type and in a color that contrasts with the background.

This is provided as an example. Signs must be posted in both official languages and must be prominently on display, immediately upon entering, and visible to borrowers, at each of a payday lender's physical locations.

61cm
Minimum width

Maximum Allowable
Cost per
\$100 Borrowed

Brightly coloured border
Minimum 5cm wide

76cm
Minimum
height

\$15.00

Minimum
72-pt font

Minimum
144-pt font

Example: \$300 loan for 14 days:
Principal Amount = \$300
Total Cost of Credit = \$45.00
Annual Percentage Rate (APR) = 391.07%
Total to Repay = \$345.00

Minimum
54-pt font

If you have any questions or concerns about payday
loans, cancellation rights or collection practices, contact
the Financial and Consumer Services Commission
(FCNB)
Toll-free at 1-866-933-2222

Minimum
36-pt font

This information meets the requirements of the
Cost of Credit Disclosure and Payday Loans Act

June 2017

Ce document est fourni à titre indicatif. Le prêteur sur salaire doit placer, dans chacun de ses lieux d'affaires, des affiches dans les deux langues officielles, bien en vue et visibles par les emprunteurs dès leur entrée.

Largeur d'au moins
61 cm

Coût maximum permis
par tranche d'emprunt
de 100 \$

Bordure aux couleurs vives
Largeur d'au moins 5 cm

15 \$

Hauteur
d'au moins
76 cm

Exemple: prêt de 300 \$ pour 14 jours
Capital de 300 \$
Coût total du crédit = 45 \$
Taux annuel en pourcentage (TAP) = 391,07 %
Remboursement total = 345 \$

Police de 72 points au minimum

Police de 144 points au minimum

Police de 54 points au minimum

Pour toute question ou préoccupation au sujet des prêts sur salaire, des droits de résiliation, ou des pratiques de recouvrement, n'hésitez pas à communiquer avec la Commission des services financiers et des services aux consommateurs (FCNB) au numéro sans frais 1-866-933-2222.

Police de 36 points au minimum

Cette affiche est conforme aux exigences de la *Loi sur la communication du coût du crédit et sur les prêts sur salaire.*

Juin 2017



Other Important Information

Limit regarding amount payable for default

- Payday lenders may , in relation to a default by a borrower under a payday loan, charge, require or accept the payment of
 - A penalty calculated at a rate not exceeding 2.50% per month on the amount of the payday loan in default. This penalty is not to be compounded and may be charged, required or accepted only once in a 30 day period.
 - A penalty not exceeding \$20 for each dishonoured cheque or dishonoured pre-authorized debit.

Limit regarding cheque cashing fees

- The maximum amount that a person may charge, require or accept as a cheque cashing fee is
 - \$5 for a government cheque for an amount not exceeding \$2,500
 - \$10 for a government cheque for an amount greater than \$2,500

Mandatory Educational Tool

Any payday lender licensed in New Brunswick must provide an educational tool that explains how the cost of taking out a payday loan compares to the cost of a cash advance from a credit card over time. This is to help borrowers with financial planning before they get a payday loan. An example of this flyer is provided on the next page. Please visit fcnbc.ca to download a pdf copy of the flyer for distribution.

You must give a copy of this payday loans flyer to every borrower or person who shows interest in borrowing.

Remote (e.g. online) lenders and brokers must provide borrowers the same information that's in the flyer before discussing payday loans



How much will \$300 cost you for two weeks?

If you borrow:	Payday Loan (assuming cost of borrowing is \$15 per \$100)	Credit Card (assuming a daily interest rate at 23% APR for cash advance)
One \$300 loan	\$45	\$2.65
Two \$300 loan	\$90	\$5.29
Four \$300 loan	\$180	\$10.59
Six \$300 loan	\$270	\$15.88

In New Brunswick, the maximum total cost of credit allowed is \$15 per \$100 advanced under a payday loan

To learn more about your rights:

www.fcnb.ca

Toll Free 1 866 933-2222

Facsimile 506 658-3059

info@fcnb.ca



Combien vous coûtera un emprunt de 300 \$ pour deux semaines?

Si vous empruntez :	Prêt sur salaire (En supposant un coût d'emprunt de 15 \$ par tranche de 100 \$)	Carte de crédit (En supposant un taux d'intérêt quotidien calculé selon un TAP de 23 % pour une avance de fonds)
Un emprunt de 300 \$	45 \$	2,65 \$
Deux emprunts de 300 \$	90 \$	5,29 \$
Quatre emprunts de 300 \$	180 \$	10,59 \$
Six emprunts de 300 \$	270 \$	15,88 \$

Au Nouveau-Brunswick, le coût total maximal du crédit autorisé est de 15 \$ par tranche de 100 \$ avancés dans le cadre d'un prêt sur salaire

Pour en apprendre davantage sur vos droits :

www.fcnb.ca

Numéro de téléphone sans frais : 1-866-933-2222

Télécopieur : 506-658-3059

info@fcnbc.ca