

It is suggested that the assignee of a lien note or conditional sale contract should take it "subject to the equities between the original purchaser and vendor."

6. That the Parliament of Canada should take immediate steps to amend the Federal Bankruptcy Act to provide enabling legislation under which a scheme of orderly payment of debts could be established by the provinces. (See p. 1344.)

#### CREDIT UNIONS

The Ontario Credit Union League Ltd., incorporated under provincial charter in 1942, made its submission "both on its own behalf and on behalf of the 1,425 credit unions in Ontario", members of the League. The League in turn is a member of the Credit Union National Association which also appeared before us.

The Committee was told that it is the practice of credit unions to make full disclosure to members of the cost of their loans, both in dollars and percentage-wise, and we were given a simple formula for doing this. The belief was expressed that "... similar disclosure of dollar cost and percentage charge can be made by other lenders", and it was strongly recommended that all consumer credit lenders should be required to state in all contracts and all advertising and publicity:

1. the *full* dollar cost of credit (including all charges);
2. the percentage rate of *all* charges expressed in a uniform way.

The League endorses the recommendation of the Royal Commission on Banking and Finance that regulation of small loans be extended to amounts up to \$5,000, with the present 2 per cent per month maximum applying on the first \$300, and 1 per cent per month maximum on all higher amounts.

The brief of the Credit Union National Association points out that the reason why it is necessary to disclose to the borrower "the total cost of the loan expressed both in dollars and cents and in terms of per centum per annum" are:

1. so the borrower will fully understand the obligation he is undertaking; and
2. so that he will be able to compare the cost of the loan with any other loan he might be able to secure.

Approval is expressed of provincial legislation such as the Ontario Unconscionable Transactions Relief Act, but it is emphasized that "there is also a desperate need for disclosure legislation to prevent the innocent or the ignorant user of credit from signing such a contract in the first place."

Specific recommendations are these:

- (a) that extenders of every kind of credit be required to disclose in writing to prospective borrowers both the total cost in dollars of the credit to be extended and the rate in terms of simple annual interest;
- (b) that all advertising by credit extenders give full details of the total costs in dollars and in terms of per centum per annum;
- (c) that victims of unconscionable transactions be granted redress by the courts, and those who have exacted the unjust terms be penalized under the law."