
5th Session, 8th Parliament, 63 Victoria, 1900.

THE SENATE OF CANADA.

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An Act respecting Usury.

Received and read a first time, Wednesday
2nd May, 1900.
Second reading, Friday, 4th May, 1900.

Honourable Mr. DANDURAND

OTTAWA

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1900

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An Act respecting Usury.

WHEREAS on the part of some money-lenders a practice has
obtained of charging exorbitant rates of interest to needy
or ignorant borrowers, and whereas it is in the public interest
that the transactions of money-lenders should be controlled
5 by limiting their rates of interest: Her Majesty, by and with
the advice and consent of the Senate and House of Commons
of Canada, enacts as follows:—

Preamble.

1. This Act may be cited as *The Usury Act, 1900.*

Short title.

2. The expression 'money-lender' in this Act shall include
10 any person who carries on the business of money-lending, or
advertises, or announces himself, or holds himself out in any
way, as carrying on that business, and who makes a practice
of lending money at a higher rate than ten per cent per annum,
but does not comprise registered pawnbrokers as such.

Definition.

"Money-lender."

15 3. Notwithstanding the provisions of chapter 127 of the
Revised Statutes no money-lender shall stipulate for, allow or
exact on any negotiable instrument, contract or agreement, the
principal of which is under five hundred dollars, a rate of inter-
est or discount greater than twenty per cent per annum;
20 and the said rate of interest shall be reduced to the rate of ten
per cent per annum from the date of judgment in any suit,
action or other proceeding for the recovery of the amount
due.

Interest on negotiable instruments, contracts, etc., limited to 20 per cent per annum.

And to 10 per cent after judgment rendered.

4. In any suit, action or other proceeding concerning a loan
25 of money by a money-lender the principal of which was origin-
ally under five hundred dollars, wherein it is alleged that the
amount of interest paid or claimed exceeds the rate of twenty
per cent per annum, including the charges for discount, com-
mission, expenses, inquiries, fines, bonus, renewals, or any
30 other charges, but not including taxable conveyancing charges,
the court may re-open the transaction and take an account
or settlement of account, or any contract purporting to close
previous dealings and create a new obligation, re-open any
35 account already taken between the parties, and relieve the
person under obligation to pay from payment of any sum in
excess of the said rate of interest; and if any such excess has
been paid, or allowed in account, by the debtor, may order the

Powers to court for inquiry into transaction and relief of debtor.

Lender to repay excess.

creditor to repay it; and may set aside, either wholly or in part, or revise, or alter, any security given in respect of the transaction.

- Exception in case of negotiable instrument. **5.** The *bona fide* holder, before maturity, of a negotiable instrument discounted by a preceding holder at a rate of interest exceeding that authorized by this Act, may nevertheless recover the amount thereof, but the party discharging such instrument may reclaim from the money-lender any amount paid thereon for interest or discount in excess of the amount allowed by this Act. 5
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- Recovery of excess in such case.
- Application of Act to existing contracts. **6.** The principal of any sum of money, as expressed by section 4 of this Act, due and payable before the date of the passing of this Act, in virtue of any negotiable instrument given to a money-lender or of any contract or agreement entered into with such money-lender in respect of money lent by him, shall not, from and after the said date, bear a rate of interest greater than twenty per cent per annum; and from and after the said date no rate of interest greater than ten per cent per annum shall be recovered upon any judgment, rendered before the said date, upon any such negotiable instrument, contract or agreement for the payment of money lent by a money-lender, and which allows a greater rate than ten per cent per annum. 15
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- And to existing judgments.
- As to instruments and contracts not yet matured. **7.** In the case of any such negotiable instruments maturing after the date of the passing of this Act, and in the case of any such contracts and agreements to be performed after the said date, the foregoing provisions of this Act shall apply only from the date of maturity or performance as the case may be. 25
- Act not to increase existing rates. **8.** Nothing in this Act shall operate to increase the rate of interest that may be recovered in any case where by law the rate is fixed at less than twenty per cent per annum. 30
- Penal clause. **9.** Every money-lender is guilty of an indictable offence and liable to imprisonment for a term not exceeding one year, or to a penalty not exceeding one thousand dollars, who lends money at a rate of interest greater than that authorized by this Act. 35
- 1898, c. 6 not affected. **10.** This Act shall not apply to the Yukon Territory.