



6 July, 2006

Leasing legislation and regulations change

Changes to both legislation and regulations, proclaimed July 1, 2006, concern anyone engaged in motor vehicle leasing for personal and family use - not commercial transactions. Proclamation of Part 5 of the Business Practices and Consumer Protection Act (BPCP), the repealing of the Motor Dealer Leasing Regulations (MDLR), and the movement of some sections of the repealed MDLR to the Motor Dealer Act Regulation (MDAR) will impact upon all businesses involved in retail vehicle leasing.

For the record:

On July 1, 2006 - effective immediately - the Business Practices and Consumer Protection Act (BPCP) Part 5 has been proclaimed under Order in Council number 321. This part of the Act deals with the Disclosure of the Cost of Consumer Credit. Simultaneously, the Motor Dealer Leasing Regulation ("MDLR") has been repealed and the Motor Dealer Act Regulation (MDAR) has been amended.

Through this proclamation the province of British Columbia will join other provinces in achieving the harmonization of the "Disclosure of Cost of Consumer Credit" across Canada that has been in the works since 1998.

This means that as of July 1, if you are engaged in retail motor vehicle leasing, your leasing related business must comply with the proclaimed provisions of the Business Practices and Consumer Protection Act set out under Part 5. The Registrar of Motor Dealers is also "Director" within the meaning of the BPCP Act as it relates to licensed motor dealers and has the authority to exercise the powers imbedded within the legislation.

Details of the legislation and regulatory changes can be found at www.mdcbc.com.

The most significant change now gives consumers the right to waive the 24-hour "cooling off" period. If a consumer fails to waive the right, the legislation requires that the vehicle remain on the dealer's lot for one clear day after the signing of the contract.

Other highlights of this proclamation and amendments are as follows:

- Ensure that motor dealers and lessors (financiers) are equally responsible for disclosure and representation, regardless of which party entered into the contract.
- Delete provisions that duplicate or conflict with the BPCP Act thereby eliminating confusion expressed by some stakeholders and their legal counsel.
- Disclosure requirements and some of the consumer protection provisions that are not covered under Part 5 of the BPCP Act have remained intact after being moved to Motor Dealer Act Regulation as sections 29, 30 and 31.
- Section 3 (b) of the MDLR that used to deal with the "cooling off" period has now moved to Section 31 of the Motor Dealer Act Regulation, with an amendment to it.