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AUSTRALIAN CAPITAL TERRITORY

CREDIT ACT 1985

CREDIT REGULATIONS (AMENDMENT)

EXPLANATORY MEMORANDUM

Circulated by authority of the

Attorney General  
Terry Connolly, MLA

## CREDIT ACT 1985

### CREDIT REGULATIONS (AMENDMENT)

#### OUTLINE

These amendments to the Credit Regulations under the *Credit Act 1985* are intended to bring the ACT's Credit Regulations into line with those in the other Uniform Credit states - New South Wales, Victoria and Western Australia. They mainly comprise minor technical amendments.

#### CLAUSE NOTES

Clause 1 provides that the Principal Regulations are the Credit Regulations.

Clause 2 amends regulation 4 by clarifying which transactions are not characterised as credit sale contracts, and thus are subject to the provisions of the Act. Mortgages, contracts of insurance and contracts of guarantee now fall within the ambit of the Act.

Clause 3 inserts a new regulation 13A into the Principal Regulations, which prescribes charges in relation to continuing credit contracts, including fees payable for registration of a mortgage relating to the contract, fees payable for the registration of the discharge of a mortgage in force before the relevant date, fees for title searches and lodgement of caveats, legal fees, valuation fees, etc.

Clause 4 inserts a new regulation 17A into the Principal Regulations which provides that credit providers must express rates of interest as annual rates. At present, credit providers in the ACT may advertise the flat rate of interest as well as the annual percentage rate, which can mislead consumers.

Clause 5 amends regulation 24 so that the 'prescribed form' for notices, statements and documents need not be indented, in line with the requirements in New South Wales and Victoria.

Clause 6 amends regulation 25 to make provision for fees payable for the lodgement of a caveat and valuation fees paid to a registered valuer to be included in the amount financed.

Clause 7 inserts a new regulation 25A into the Principal Regulations so that mechanical breakdown or failure of goods subject to a regulated contract is a prescribed risk for which insurance can be financed.

Clause 8 amends Schedules 3, 4 and 6 of the Principal Regulations to widen the scope of the descriptive term 'consumer credit insurance' to include insurance against unemployment. This is a term authorised to be used in the Statement of Amount Financed required to be given by credit providers under regulated credit sale, credit loan and continuing credit contracts.