

# LEGISLATIVE ASSEMBLY

Read 1° 2 May 1989

*(Brought in by Mr Roper and Mr McCutcheon)*

## A BILL

to amend the *Credit Act* 1984 and the *Credit (Administration) Act* 1984 and for other purposes.

### **Credit (Amendment) Act 1989**

The Parliament of Victoria enacts as follows:

#### **Purposes**

1. The purposes of this Act are—

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- (a) to validate certain methods of calculation of the amount financed under loan contracts;
  - (b) to authorise and validate the making of certain loan contracts made by credit societies or credit unions;
  - (c) to apply the credit legislation to credit societies and credit unions.

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#### **Commencement**

2. (1) Except as provided in sub-section (2), this Act comes into operation on the day on which it receives the Royal Assent.

(2) Section 6 comes into operation on 1 July 1990.

#### **Validation of certain calculations**

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3. (1) This section applies to a regulated loan contract entered into before 1 January 1988 in consideration of the discharge of one or more other regulated contracts.

(2) A statement of the amount financed in a regulated loan contract to which this section applies shall be deemed not to have contravened Schedule 4 of the Principal Act by reason that the calculation of the amount due under the discharged contract or contracts was made according to the method known as the Rule of 78 and not in accordance with this Act. 5

(3) Sub-section (2) ceases to have effect in relation to a contract to which this section applies if the debtor commences proceedings relating to the calculation of the amount due before the credit provider pays to the debtor the amount by which the amount so calculated exceeds the amount calculated in accordance with this Act. 10

#### **Loan contracts made by credit societies**

4. (1) In section 18 (1) of the *Credit Act* 1984, after “*Co-operation Act* 1981” insert “or a credit society or credit union registered or incorporated under the law of another State or of a Territory corresponding to that Act”. 15

(2) In section 38 (1) (j) of the *Credit (Administration) Act* 1984, after “*Co-operation Act* 1981” insert “or a credit society or credit union registered or incorporated under the law of another State or of a Territory corresponding to that Act”. 20

#### **Validation of loan contracts made by certain foreign credit societies**

5. Parts III, IV, V, VI, VII and VIII of the *Credit Act* 1984 shall be deemed never to have applied to or with respect to a regulated contract made before the commencement of this section where the credit provider is a credit society or credit union registered or incorporated under the law of another State or of a Territory corresponding to the *Co-operation Act* 1981. 25

#### **Application of credit legislation to credit societies and credit unions**

6. (1) In section 18 of the *Credit Act* 1984, sub-section (1) is repealed. 30

(2) In section 38 (1) of the *Credit (Administration) Act* 1984, paragraph (j) is repealed.

(3) A credit society which applies for a licence under the *Credit (Administration) Act* 1984 within the period of three months after the commencement of this section is not liable to a penalty under section 37 (1) or (2) of the *Credit Act* 1984 or to the loss of the whole or any part of the amount financed or the credit charge under a regulated contract within the meaning of that Act by reason only that the credit society is not the holder of a licence during the period before— 35

(a) the licence is granted; or 40

(b) the application is refused.

(4) In sub-section (3), “**Credit society**” means a body corporate that, immediately before the commencement of this section, was—

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- (a) a credit society registered under the *Co-operation Act* 1981;  
or
  - (b) a credit society or credit union registered or incorporated  
under the law of another State or of a Territory  
corresponding to that Act.

**Statute law revision**

7. In clause 1 (k) (ii) of Schedule 7 of the Principal Act, for “section 8 of the *Chattel Securities Act* 1981” substitute “section 7 of the *Chattel Securities Act* 1987”.

