

November 2006

Fair Trading Act Prepaid Contracting Licence

Definition:

A prepaid contracting business:

- solicits, negotiates or concludes prepaid contracts in person at any place other than the sellers' place of business, and
- accepts money before all the work is done and /or the services are provided.

Prepaid contracts are for construction, maintenance, repairing, altering, adding to or improving private dwellings, or real property used in conjunction with a private dwelling i.e. landscaping services.

Exemptions:

- contracts for business or commercial buildings
- contracts between contractors, sub contractors and sub trades
- home construction contracts covered by the Alberta New Home Warranty Program or the National Home Warranty Programs
- contracts for drilling or maintaining water wells covered by the Water (Ministerial) Regulation, where the contractor holds a Class A, B or D approval for water wells.

Licensing Requirements:

PLEASE NOTE: Failure to provide complete information will delay processing of your application and may result in a refund of your fees and closure of your file.

To get a licence as a prepaid contractor, you must provide the following:

1. Completed [application](#) form.
2. Security in the required amount. * You may get this security in one of two ways:
 - [General Surety Bond](#)
 - [Cash Security Agreement](#) accompanied by
 - an [Irrevocable Letter of Credit](#), or
 - cash (including payment by bank draft, money order, certified cheque – all of these are payable to the Minister of Finance), or

- a term deposit or other similar instrument in the name of the Minister of Finance, c/o Alberta Government Services, 3rd Floor, 10155 – 102 Street, Edmonton, Alberta, T5J 4L4, in trust for (name of licensee).

*Note: The amount of security depends on the price and type of goods or services provided. Please contact one of the licensing offices to find out how much security you need to provide. When setting the security amount, the Director can consider the following: the department's previous history with the business and its partners or directors, the business's financial history, and criminal convictions.

3. A licensing fee of \$60. Your cheque should be made payable to the Minister of Finance. If you are applying in person, you can also pay this fee using Visa, MasterCard or cash. This fee is for a one-year licence. Licences take effect the date they are issued. The department will send you a notice and the appropriate form(s) before your licence needs to be renewed. Licence holders must notify Alberta Government Services in writing if their business licence address changes.
4. A copy of the sales contract/invoice with a copy of "Buyer's Right to Cancel" schedule attached. If applicable, copies of any other marketing materials.

General Information:

1. All records, files, books, papers and other related documents must be maintained for 3 years after creation.
2. A business must have a licence and must produce it when asked to by a police officer, a person it approaches to make a direct sale or an officer of Alberta Government Services, Consumer Services Division.
3. The business must provide an identification card for persons selling on its behalf. The identification card must have the person's name, business name and address, license number, and must be signed by the business' signing authority.

Contract Requirements:

Written sales contracts will be required. The contracts must include the following information:

- a) the buyer's name and address
- b) the seller's name, business address, telephone number and where applicable, fax number
- c) the salesperson's name where applicable
- d) the date, and the place where the sales contract is concluded
- e) a description of the goods or services sufficient to identify them
- f) a statement of cancellation rights that conforms with the requirements set out in the regulations and must (a) contain the words set out in either of the options shown in the Schedule, (b) show the heading in not less than 12 point bold type, (c) show the statement of 10-day cancellation rights in not less than 12 point type, and (d) show the remainder of the information in not less than 10-point type. Where this notice is not printed directly on the face of the sales contract there is to be a notice printed directly on the face of the contract in not less than 12 points bold type, indicating where in the contract the statement is printed.
- g) the itemized prices of the goods or services or both
- h) the total amount of the sales contract
- i) the terms of payment
- j) in the case of sales contracts for future delivery of goods, future provision of services or goods together with services, the delivery date for the goods, or commencement date for the services, or both

- k) in the case of a sales contract for the future provision of services or goods together with services, the completion date for providing the services or the goods together with the services
- l) where credit is extended
 - a statement of any security taken for payment, and
 - the disclosure statement required under the Fair Trading Act
- m) where goods are taken in trade, a description of and the value of the trade-in
- n) the signatures of buyer and seller

Legislation:

[Fair Trading Act](#)

[Prepaid Contracting Business Licensing Regulation](#)

[Direct Sales Cancellation and Exemption Regulation](#)

Copies of legislation can be obtained from the [Queen's Printer Bookstore](#) at:

Park Plaza
5 floor, 10611-98 Avenue
Edmonton, Alberta
T5K 2P7
Telephone: (780) 427-4952

To call a Government of Alberta office toll free (in Alberta), dial 310-0000 and follow the instructions.

DIRECT SALES SALESPEOPLE – IDENTIFICATION CARD REQUIREMENTS

1. A prepaid contracting business shall provide to all individuals who engage in Direct Selling on their behalf, an identification card that:
 - A. Shows the individual's name and the name, address and licence number of the licensed business on whose behalf he/she is acting, and has been signed by the signing authority appointed by the licensee.
2. An individual who engages in Direct Selling on behalf of a licensed business shall produce for inspection the identification card when requested to do so by:
 - A. A Police Officer,
 - B. A person to whom he/she makes or attempts to make a direct sale, or
 - C. An authorized Officer of Alberta Government Services, Consumer Services Division.
3. An individual who ceases to act on behalf of a licensed business shall return his identification card to the business.

SCHEDULE

The following must appear in each statement of cancellation rights:

Buyer's Right to Cancel

You may cancel this contract from the day you enter into the contract until 10 days after you receive a copy of the contract. You do not need a reason to cancel.

If you do not receive the goods or services within 30 days of the date stated in the contract, you may cancel this contract within one year of the contract date. You lose that right if you accept delivery after the 30 days. There are other grounds for extended cancellation. For more information, you may contact your provincial/territorial consumer affairs office.

If you cancel this contract, the seller has 15 days to refund your money and any trade-in, or the cash value of the trade-in. You must then return the goods.

To cancel, you must give notice of cancellation at the address in this contract. You must give notice of cancellation by a method that will allow you to prove that you gave notice, including registered mail, fax or by personal delivery.

CONTRACT REQUIREMENTS FOR PREPAID CONTRACTING

- a)** the buyer's name and address
 - b)** the seller's name, business address, telephone number and where applicable, fax number
 - c)** the salesperson's name where applicable
 - d)** the date, and the place where the sales contract is concluded
 - e)** a description of the goods or services sufficient to identify them
 - f)** a statement of cancellation rights that conforms with the requirements set out in the regulations and must:
 - i. contain the words set out in either of the options shown in the Schedule,
 - ii. show the heading in not less than 12 point bold type,
 - iii. show the statement of 10-day cancellation rights in not less than 12 point type, and
 - iv. show the remainder of the information in not less than 10-point type. Where this notice is not printed directly on the face of the sales contract there is to be a notice printed directly on the face of the contract in not less than 12 points bold type, indicating where in the contract the statement is printed.
 - g)** the itemized prices of the goods or services or both
 - h)** the total amount of the sales contract
 - i)** the terms of payment
 - j)** in the case of sales contracts for future delivery of goods, future provision of services or goods together with services, the delivery date for the goods, or commencement date for the services, or both
 - k)** in the case of a sales contract for the future provision of services or goods together with services, the completion date for providing the services or the goods together with the services
 - l)** where credit is extended
 - a statement of any security taken for payment, and
 - the disclosure statement required under the Fair Trading Act
- The disclosure statement requirements can be found in Section 8(1) or 13(1) of the Cost of Credit Disclosure Regulation. If you have questions or concerns, please contact our Licensing Department.
- m)** where goods are taken in trade, a description of and the value of the trade-in
 - not applicable to prepaid contractors
 - n)** the signatures of buyer and seller

SEE ATTACHED SAMPLE CONTRACT

CONTRACT FOR THE SALE BY PREPAID CONTRACTORS

b) { **COMPANY LEGAL NAME**
O/A COMPANY TRADE NAME
 Company Address
 Anywhere AB Postal Code
 Phone No: (###) ###-#### Fax No: (###) ###-####

a) { Customer's Name: _____ Phone #: _____
 Customer's Address: _____ Commencement Date: _____ } **j)**
 _____ Completion Date: _____ } **k)**

Description and Costs

Detailed description & itemized prices of goods or services or both e) & g)		
<p align="center">SAMPLE</p>		Subtotal \$ _____ GST \$ _____ Total \$ _____ Deposit \$ _____ Balance \$ _____

i) If the Buyer's Right to Cancel cannot be printed on the front of the contract, a notice must be printed in not less than 12 point BOLD indicating where on the contract it can be found

Terms of Payment: _____

Must be at least 12 Point BOLD → **Buyer's Right to Cancel** ↓

Show the statement of 10-day cancellation rights in not less than 12-point type and the remainder of the information in not less than 10-point type.

You may cancel this contract from the day you enter into the contract until 10 days after you receive a copy of the contract. You do not need a reason to cancel.

If you do not receive the goods or services within 30 days of the date stated in the contract, you may cancel this contract within one year of the contract date. You lose that right if you accept delivery after the 30 days. There are other grounds for extended cancellation. For more information, you may contact your provincial/territorial consumer affairs office.

If you cancel this contract, the seller has 15 days to refund your money and any trade-in, or the cash value of the trade-in. You must then return the goods.

To cancel, you must give notice of cancellation at the address in this contract. You must give notice of cancellation by a method that will allow you to prove that you gave notice, including registered mail, fax or by personal delivery.

n) { Customer's Signature: _____ Dated On: _____ } **d)**
 { Seller's Signature: _____ Salesperson's Name: _____ } **c)**
 _____ (Print)

d) { Signed At: _____, Alberta
 _____ (Physical Address)

The sample contract attached above shows what a form of contract may resemble if it has all the elements of the checklist. This sample is not provided for use as a contract or form of contract. This sample contract, any comments on your form of contract, or the issuance of a licence are not substitutes for legal advice. Applicants and licensees are advised to consult a lawyer to ensure that their contracts comply with all applicable legislation, including all sections of the Fair Trading Act, and are suitable for their business needs.