

# Vehicle Dealers Regulations for Consultation

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**Notice to stakeholders:** Sections 5-1 and 5-2, shown below, have already been passed and are in effect. They affect all licenced businesses, including vehicle dealers. They are standard in all modern consumer protection legislation, and we are not asking for comments respecting them. Sections 5-3 and 5-4 will also apply to all licenced businesses.

We are asking for comments on the proposed regulations that begin at section 5-5 on page 5.

## PART V Designated Activities and Licensing

### Forfeiture of financial security

**5-1(1)** Notwithstanding that the Crown in right of Saskatchewan has not suffered any loss or damage:

(a) every bond filed with the director pursuant to the Act must be construed as being a penal bond; and

(b) if any bond is forfeited pursuant to this section, the amount due and owing as a debt to the Crown in right of Saskatchewan by the person bound by the bond must be determined as if the Crown had suffered a loss or damage that would entitle the Crown to be indemnified to the maximum amount of liability set out in the bond.

(2) Subject to subsection (3), every bond filed pursuant to section 59 of the Act is forfeited on the demand of the director if:

(a) the person with respect to whose conduct the bond is conditioned, or any agent or representative of that person, has been convicted of:

(i) an offence pursuant to the Act or these regulations; or

(ii) an offence involving fraud or theft or conspiracy to commit an offence involving fraud or theft pursuant to the *Criminal Code*;

(b) a judgment with respect to a claim relating to the activities of the designated business for which the licence has been granted has been given against the person with respect to whose conduct the bond is conditioned or against any agent or representative of that person;

(c) the person with respect to whose conduct the bond is conditioned commits an act of bankruptcy, whether or not proceedings have been taken pursuant to the *Bankruptcy and Insolvency Act* (Canada); or

(d) a decision has been rendered by the director, in writing, stating in effect that, after consideration and investigation of a complaint, the director is satisfied that the person with respect to whose conduct the bond is conditioned, or any agent or representative of that person:

(i) has contravened any provision of the Act or these regulations or has failed to comply with any of the terms, conditions or restrictions to which the person's licence is subject;  
or

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(ii) is in breach of contract with a consumer who obtains goods and services relating to the activities of the designated business for which the licence has been granted.

(3) Subsection (2) applies only if the conviction, judgment, order or decision mentioned in that subsection has become final by reason of lapse of time or of having been confirmed by the highest court to which any appeal may be taken.

(4) Notwithstanding that the Crown in right of Saskatchewan has not suffered any loss or damage, the director may have recourse to a letter of credit provided pursuant to section 59 of the Act by presenting a demand to the issuer of the letter of credit, together with the letter of credit, if the director has reason to believe that any grounds set out in clauses (2)(a) to (d) exists.

(5) On a demand of the director pursuant to subsection (4), the amount of the proceeds of the letter of credit is forfeited to the Crown in right of Saskatchewan.

(6) The director may pay any money realized pursuant to a bond or letter of credit to any of the following on any conditions the director considers appropriate:

(a) the local registrar of the court for any persons that may become judgment creditors of the licensee named in the bond or the letter of credit, as the case may be, for claims relating to the activities of the licensee for which the licence has been granted;

(b) any trustee, custodian, interim receiver, receiver or liquidator of the licensee named in the bond or the letter of credit, as the case may be;

(c) any person that the director considers entitled to the money for a claim arising out of an action of the licensee relating to the activities of the licensee for which the licence has been granted.

(7) The director shall pay any money not paid pursuant to subsection (6) to the following after the payment of any expenditures incurred by the director in connection with the realization on the financial security and the determination and settlement of valid claims:

(a) in the case of a bond, to the surety or obligor under the bond;

(b) in the case of a letter of credit, to the obligor under the letter of credit.

### **Change in circumstances**

**5-2** For the purposes of section 70 of the Act, a change in circumstances consists of:

(a) a change in any of the following information previously provided to the director in an application for a licence, a renewal of a licence or the reinstatement of a licence:

(i) an address, including an address for service, or a telephone number;

(ii) the name of the applicant or the licensee;

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- (iii) if the applicant or licensee is a partnership or a corporation, the fiscal year;
  - (iv) if the applicant or licensee is a corporation, an officer or director of the corporation;
  - (v) if the applicant or licensee is a partnership, a partner of the partnership;
  - (vi) the location at which the licensee retains, or the applicant will retain, records required to be kept by the Act;
  - (vii) any other material change;
- (b) if the licence is for a specific location, the licensee ceasing to carry on business at that location;
- (c) the commencement of bankruptcy, receivership or winding-up proceedings with respect to the applicant or licensee;
- (d) the suspension, cancellation, surrendering or amendment in any other jurisdiction of the applicant's or licensee's authority to carry on business relating to the activities for which the licence has been applied for and granted;
- (e) the imposition of any terms, conditions or restrictions on, or the variation or modification of any terms, conditions or restrictions imposed on, the applicant's or licensee's authority to carry on business as a designated business in any other jurisdiction;
- (f) a civil action or a regulatory proceeding being brought against the applicant or licensee or any director, officer or partner of the applicant or licensee, in relation to:
- (i) fraud;
  - (ii) breach of trust;
  - (iii) deceit;
  - (iv) misrepresentation; or
  - (v) the actions of the applicant or licensee in the activities for which the licence has been applied for and granted;
- (g) the issuing of a judgment or decision by a court or other adjudicator against the applicant or licensee or any director, officer or partner of the applicant or licensee, in relation to:
- (i) fraud;
  - (ii) breach of trust;
  - (iii) deceit;
  - (iv) misrepresentation; or

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(v) the actions of the applicant or licensee in the activities for which the licence has been applied for and granted;

(h) the instituting of proceedings against, or conviction of, the applicant or licensee or any director, officer or partner of the applicant or licensee with respect to a criminal offence, or any other offence under the laws of any other jurisdiction, excluding traffic offences; or

(i) any change in circumstances that provides reasonable grounds to believe that the financial security required by the director pursuant to section 59 of the Act may not be in force or effective in accordance with its terms or may otherwise fail to meet the requirements of the director.

### **Fees**

**5-3** Subject to any contrary provision in any Division, the fees for each application for a licence and each annual continuance of a licence for a designated activity are:

(a) \$300 per year for a business with employees or agents who are licensed and subject to licensing fees;

(b) \$600 per year for businesses with employees or agents who are exempt from licensing fees;  
and

(c) \$125 per year for an individual employee or agent license.

### **Duration of licence**

**5-4 (1)** Each licence issued pursuant to this Part does not expire provided the fee mentioned in section 5-3 [Fees] is paid annually.

(2) A licensee whose licence is cancelled or expires must return the licence to the director.

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### Division 2 – Vehicle Dealers Subdivision 1 - General

#### Interpretation

##### 5-5 In this Part:

- (a) “**consumer**” means a person that buys, leases or otherwise acquires a vehicle from a dealer;
- (b) “**dealer**” means a person carrying on the business of a dealership or who holds him or herself out as a dealer, whether for the person’s own account or on the account of any other person;
- (c) “**dealership**” means a business that:
  - (i) sells or leases vehicles or offers vehicles for sale or lease;
  - (ii) solicits orders for the future delivery of vehicles;
  - (iii) takes vehicles on consignment pursuant to section 5-25 [Consignment agreements]; or
  - (iv) advertises the selling, leasing or consignment of an interest in a vehicle;
- (d) “**lease**” means an arrangement whereby a consumer acquires the right to take possession of a vehicle from a dealer but does not acquire ownership of the vehicle;
- (e) “**sale**” includes a disposition or acquisition of a vehicle by exchange, trade or consignment;
- (f) “**salesperson**” means a person who sells, leases or offers for sale or lease, or solicits orders for the future delivery of, vehicles for or on behalf of a dealer.
- (g) “**vehicle**” means:
  - (i) any self propelled vehicle that is required to be registered pursuant to *The Traffic Safety Act*; and
  - (ii) includes a snowmobile;
- (h) “**vehicle contract**” means an agreement for the sale or lease of a vehicle that meets the requirements of section 5-24 [Vehicle contract requirements] or a consignment agreement that meets the requirements of section 5-26 [Form of consignment agreement];
- (i) “**wholesaler**” means a person who is in the business of buying vehicles to sell exclusively to dealers;

#### Designation of the business of selling or leasing vehicles as a “designated activity”

**5-6** For the purposes of section 55 of the Act, the business of selling or leasing vehicles by a dealer is a designated activity.

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### Exemptions

**5-7** A person, other than a wholesaler, that sells vehicles to dealers is exempt from the requirement for a licence for the purposes of this Division.

### Subdivision 2 – Licensing and Registration

#### Who requires a licence

**5-8** (1) The following persons shall hold a valid licence to sell or lease vehicles:

- (a) a dealer;
- (b) a wholesaler;
- (c) any person who holds himself or herself out as a dealer or a wholesaler.

(2) Subject to subsection (3) and (4), for the purposes of section 57 of the Act, a separate licence is required for each location from which a person carries on business as a dealer.

(3) Subsection (2) does not apply to a dealer:

- (a) whose locations have the same business name, are within reasonable proximity to each other and form part of the same business; or
- (b) who carries on business from a separate location not more than 25 kilometres from the main location for not more than 30 days in any calendar year.

(4) The director may determine that the provisions of clause (3)(a) have been met.

(5) Subsection (1) does not apply to a licensed auction sales company that only sells vehicles for others.

#### Fees

**5-9** The annual fee for a licence as a dealer for each location at which the dealer conducts business is:

- (a) \$200 effective January 1, 2014;
- (b) \$300 effective January 1, 2015 or so soon thereafter as these regulations come into force;
- (c) \$400 effective January 1, 2016;
- (d) \$500 effective January 1, 2017;
- (e) \$600 effective January 1, 2018.

#### Application requirements

**5-10** (1) In an application for a licence or the renewal of a dealer's licence, the applicant must provide:

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- (a) evidence that the dealer meets the requirements as listed in section 5-14 [Premises and other requirements];
- (b) a criminal record check in a form approved by the director;
- (c) fees as set out in section 5-9 [Fees];
- (d) financial security as set out in section 5-15 [Financial security];
- (e) a copy of the vehicle contract used by the dealer that complies with section 5-24 [Vehicle contract requirements];
- (f) a copy of the consignment contract, if any, used by the dealer that complies with section 5-26 [Form of consignment agreement];
- (g) a declaration verifying the information in the application;
- (h) permission to conduct further inquiries; and
- (i) any other information that the director directs.

(2) A license is the property of the director and must be returned to the director.

### **Approval of vehicle contract**

**5-11(1)** The director must not issue a licence unless the director approves the vehicle contract and consignment agreement, if any, submitted pursuant to clause 5-10(e) [Application requirements].

(2) The director must not approve a vehicle contract unless it meets the requirements of section 5-24 [Vehicle contract requirements] or 5-26 [Form of consignment agreement].

(3) A dealer must use the vehicle contract and consignment agreement, if any, approved pursuant to subsection (1).

(4) The director may suspend a dealer's licence if the dealer fails to comply with subsection (3).

### **Registration requirements for salespersons**

**5-12 (1)** A person must not act as a salesperson unless the person is registered pursuant to section 75 of the Act.

(2) An individual may apply to the director for registration by submitting the form approved by the director and proof satisfactory to the director that the applicant has met the education requirements established by the director, if any.

(3) The director may impose terms and conditions on a registration that the director considers necessary.

(4) The director may, on giving written notice to the salesperson, respecting a registration:

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- (a) amend, modify or vary terms and conditions imposed pursuant to subsection (3);
- (b) impose new terms and conditions;
- (c) repeal terms and conditions and substitute new terms and conditions in their place.

(5) Every dealer shall, within seven business days after the event, notify the director in writing of the date of commencement or termination of the employment of every salesperson.

(6) If the salesperson ceases to act as a salesperson, the salesperson must immediately surrender the person's certificate of registration to the dealer.

(7) If a dealer ceases to be licensed or if the licence of a dealer is suspended, the registrations of all salespersons registered with respect to the dealer are immediately suspended.

(8) If the conduct of a salesperson is such that the director is satisfied that the salesperson is not suitable to be registered or the registration is otherwise objectionable, the director may:

- (a) refuse to issue the registration; or
- (b) if a salesperson is registered:
  - (i) cancel the registration; or
  - (ii) suspend the registration for a period of time and subject to conditions the director considers necessary.

(9) The director may establish education requirements to be met by applicants for registration.

### **Transition**

**5-13** Any person who is acting as a salesperson must register in accordance with section 5-12 [Registration requirements for salespersons] within six months of this section coming into force.

### **Premises and other requirements**

**5-14(1)** Subject to subsections (2) and (3), a dealer must have:

- (a) land designated for vehicle display and storage that meets zoning and bylaw requirements and is capable of holding a minimum of six vehicles;
- (b) a structure where business is conducted that meets the requirements of the director, which is not required to be at the location mentioned in clause (a);
- (c) a business name that is registered pursuant to *The Business Names Registration Act*;
- (c) a permanent sign that meets the director's requirements;

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(d) a salesperson in attendance at the premises mentioned in clause (a) to deal with consumers during normal hours of operation or where premises are operated on an appointment basis only, available for a reasonable amount of time;

(e) a business phone registered in the name of the dealership;

(f) an email address; and

(g) any other requirements of the director.

(2) Clauses (1)(b), (d) and (e) do not apply to a wholesaler that does not take possession of vehicles.

(3) A dealer must have a designated facility available in Saskatchewan to make repairs to vehicles sold or leased by the dealer.

### **Financial security**

**5-15** Each applicant for a dealer licence must provide financial security in accordance with section 59 of the Act in an amount as determined by the director, which shall not be less than:

(a) \$15,000 per location for dealers that sell exclusively snowmobiles or motorcycles;

(b) \$25,000 per location for all other dealers.

### **Subdivision 3 – Specific requirements for vehicle dealers**

#### **Interpretation of Subdivision**

**5-16** (1) In this subdivision:

(a) **“drive-away price”** means the total charges not including PST and GST that the consumer would be required pay to conclude a transaction, including:

(i) the price of the vehicle;

(ii) charges for freight, inspection before delivery of the vehicle, fees and levies.

(b) **“VIN”** means the vehicle identification number or the vehicle information number that is unique to a vehicle.

#### **Production of licence**

**5-17** Every dealer must produce the dealer’s licence for inspection to make it possible to determine if the person has been issued a licence when requested to do so:

(a) by a consumer or potential consumer of the dealer,

(b) by the director, an inspector or an investigator, or

(c) by a:

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(i) bylaw enforcement officer appointed pursuant to section 337 of *The Cities Act*, section 373 of *The Municipalities Act* or section 394 of *The Northern Municipalities Act, 2010*;

(ii) member of the Royal Canadian Mounted Police;

(iii) member of a police service as defined in *The Police Act, 1990*.

### **Record keeping requirements**

**5-18** (1) Every person mentioned in subsection 5-8(1) [Who requires a licence] shall keep a record of all vehicles purchased, sold, leased or taken on consignment by the dealer in any manner that will readily identify the vehicle.

(2) Records mentioned in subsection (1) must be located within Saskatchewan.

(2) Every person mentioned in subsection (1) shall enter in the record mentioned in subsection (1):

(a) in the case of a vehicle purchased or acquired by the dealer:

(i) the name and address of the person from whom the vehicle was purchased or acquired;

(ii) the date on which the vehicle was purchased or acquired;

(iii) an accurate description of the vehicle, including its year of manufacture, body type and details of extra equipment;

(iv) the price paid for the vehicle or, in the case of a trade-in, the allowance made;

(v) the odometer reading at the time of purchase or acquisition;

(vi) the VIN; and

(b) in the case of a vehicle sold or leased by a person mentioned in subsection (1):

(i) the name and address of the purchaser or lessee;

(ii) the date on which the vehicle was purchased or acquired;

(iii) an accurate description of the vehicle, including its year of manufacture, vehicle identification number, body type and details of extra equipment;

(iv) the sale price or lease terms;

(v) the terms and method of payment;

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(vi) where another vehicle is accepted as a trade-in or other property is given in exchange, a description of that vehicle or other property, including its year of manufacture, serial number, body type and amount of trade-in or exchange allowance;

(vii) the odometer reading; and

(viii) the name of the salesperson.

(3) For the purposes of subsection 73(1) of the Act, the prescribed period is the longer of:

(a) 5 years; or

(b) if the dealer provides financing to the purchaser, the period of the loan agreement.

### **Prohibited sales**

**5-19** (1) No dealer shall sell a vehicle to a person that is not licensed pursuant to this Division if the dealer knows or should reasonably be expected to know that person is in the business of selling vehicles to consumers.

(2) No dealer shall sell or lease a vehicle to a consumer unless the dealer:

(a) has complied with section 114 of *The Traffic Safety Act*; or

(b) has identified on the bill of sale that the vehicle does not comply with section 114 of *The Traffic Safety Act*.

### **Advertising**

**5-20** (1) In this section, “**stock number**” means the number or symbol that the dealer uses to identify the vehicle in the dealer’s inventory.

(2) No dealer or salesperson shall publish or cause to be published in a newspaper or other printed or electronic publication an advertisement for the sale of a vehicle unless the advertisement contains one of:

(a) the name of the dealer as it appears on the licence; or

(b) the words “Dealer Licence Number” or “DL” followed by the number of the licence issued to the dealer under this Division.

(3) A dealer must ensure that every advertisement for a dealer’s business that promotes the purchase or lease of a vehicle from the dealer:

(a) states whether the vehicle pictured in the advertisement is or is not the specific vehicle that is for sale;

(b) does not misrepresent, through statements or omissions, a vehicle’s mechanical or structural condition;

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- (c) uses descriptions and makes promises only in accordance with actual conditions, situations and circumstances;
- (d) does not use a font that due to its size or other visual characteristics is likely to materially impair the legibility or clarity of the advertisement and, without limiting the generality of the foregoing, in no case uses a font size smaller than 8 points;
- (e) does not use the words, or words similar to, “demonstrator vehicle” or “demo vehicle” unless the vehicle in question was purchased or acquired new by the dealer and used solely for the normal business of the dealer;
- (f) does not use the words, or words similar to, “savings”, “discount”, “percentage off the purchase price”, “free”, “invoice price”, “below invoice”, “dealer’s cost”, “at cost”, or “employee pricing” or a price that is a specified amount above or below invoice or cost unless the claims represented by the words can be substantiated;
- (g) does not use the words, or words similar to, “wholesale”, “take over payments” or “repossession” unless the claims represented by the words are objectively and demonstrably true;
- (h) does not imply that a warranty exists with respect to a vehicle or a repair or service unless such a warranty with respect to the vehicle, repair or service exists and is available at the price advertised;
- (i) does not make comparisons or claims of superiority unless the results of the comparisons or the claims can be substantiated; and
- (k) if a specific vehicle is advertised as being available at the time the advertisement is placed, includes the drive-away price and the stock number.

### Disclosure

**5-21** (1) In this section, “**material fact**” means information that is known to the dealer or that the dealer should reasonably be expected to know that is sufficiently significant to influence a consumer’s decision to buy or lease, or refuse to buy or lease, a vehicle from a dealer, and includes but is not limited to:

- (a) whether the vehicle has been used as a taxi, police or emergency vehicle or in organized racing;
- (b) in the case of a new vehicle, whether the vehicle has sustained damage requiring repairs costing more than 10% of the asking price of the vehicle;
- (c) in the case of a used vehicle:
  - (i) a printed vehicle information number search result provided by Saskatchewan Government Insurance;
  - (ii) information about and the opportunity to conduct a Cross-Canada search of the vehicle information number;

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- (d) whether the vehicle has been used as a rental vehicle;
- (e) whether a used vehicle has been brought into Canada specifically for the purpose of sale;
- (f) if the dealer knows or should reasonably know, whether the odometer of the vehicle:
  - (i) accurately records the true distance travelled by the vehicle;
  - (ii) has been replaced or altered.

(2) Every dealer and salesperson must disclose in writing the following to the prospective purchaser or lessee before the contract of lease or sale is presented to the prospective purchaser or lessee:

- (a) all material facts;
- (b) all the elements of a vehicle contract as set out in section 5-24 [Vehicle contract requirements] except clauses 5-24(2)(b), (i), and (l);
- (b) the drive-away price.

### **Remedy for non-disclosure**

**5-22** In the case of a used vehicle, if a dealer or salesperson does not provide disclosure as required by section 5-21 [Disclosure] or provides disclosure that the dealer or salesperson knows or ought reasonably to have known is false or misleading, any vehicle contract entered into as a result is voidable by the consumer for three business days from the delivery of the vehicle.

### **Return of deposit**

**5-23** No dealer may require a consumer to provide a deposit prior to the formation of a motor dealer contract and the finalization of any financing arrangement.

### **Vehicle contract requirements**

**5-24 (1)** On the sale or lease of a vehicle, or the purchase of a vehicle for resale by a dealer, the dealer must complete a vehicle contract that meets the requirements of this section and that has been approved by the director pursuant to section 5-11 [Approval of vehicle contract].

(2) Each vehicle contract must contain:

- (a) names and addresses of the purchaser and the dealer;
- (b) the date of the contract;
- (c) the make, model, any specific model identifier and year of vehicle;
- (d) the VIN;
- (e) particulars of extra equipment or accessories to be provided;

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(f) the odometer reading;

(g) if the vehicle's odometer is broken or faulty, has been replaced, has been rolled back or is in miles, a statement to that effect;

(h) the drive-away price, or if sold at an auction, the final bid price;

(i) the actual amount of the down payment or deposit, if any;

(j) details of trade-in or exchange, if any, including the actual value of the trade-in or exchange;

(k) Additional warranties, if any;

(l) the name of the lender, if any, that financed the purchase or lease of the vehicle.

(3) If a vehicle is sold by a dealer at an auction:

(a) the auctioneer must provide the winning bidder with the name of the dealer; and

(b) the dealer is to provide the consumer with a copy of the approved contract of the licensed dealer.

(4) In addition to the requirements of subsection (1), a vehicle contract that is for the lease of a vehicle must contain:

(i) the amount due at lease signing or delivery;

(ii) the monthly payment and the date in each month that the monthly payment is due;

(iii) any other charges that the lessee is to pay;

(iv) the amount of total payments that will be made over the term of the lease;

(v) the amount of the total payments mentioned in clause (iv) that comprises finance charges;

(vi) a calculation of how the monthly payment is determined;

(vii) a statement of the rights and obligations of the lessee in the event of early termination of the lease;

(viii) the penalty to be paid by the lessee in the event of early termination of the lease;

(ix) an explanation of what constitutes normal wear and tear;

(x) the penalty to be paid by the lessee for excessive wear and tear;

(xi) the penalty to be paid by the lessee for excessive mileage;

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- (xii) the lessee's responsibility respecting maintenance of the vehicle;
  - (xiii) the lessee's responsibility to maintain insurance, including insurance against a stolen or destroyed vehicle, and details of the payee of the insurance;
  - (xiv) the lessee's option to purchase at the end of the lease;
  - (xv) the lessee's option to purchase prior to the end of the lease, if any.
- (5) The dealer shall ensure that there is a separate vehicle contract for each vehicle that the dealer sells or leases.
- (6) For each vehicle contract mentioned in subsection (2) or (3) into which the dealer enters, the dealer shall ensure that:
- (a) the contract is signed by the parties;
  - (b) if a salesperson is acting on behalf of the dealer respecting the sale, the contract is signed by the salesperson; and
  - (c) the purchaser receives a copy of the contract immediately after signing it.
- (7) The director may require that a standard form contract containing the elements mentioned in subsection (1) and (2) be used by any or all dealers.
- (8) Nothing contained in a contract mentioned in this section prevents a purchaser in an action on the contract from raising a representation made by the dealer or a salesperson.

### **Consignment agreements**

**5-25** In this section and sections 5-26 [Form of consignment agreement] and 5-27 [Form of purchase agreement for consignments];

- (a) "consignment agreement"** means an agreement between a dealer and a consignor for the sale by the dealer of a vehicle owned by the consignor that meets the requirements of section 5-26 [Form of consignment agreement] and that has been approved by the director pursuant to section 5-11 [Approval of vehicle contract].;
- (b) "consignment"** means an arrangement by which a vehicle is entrusted by a consignor to a dealer:
  - (i) for sale by the dealer;
  - (ii) under a conditional sale to the dealer for the purpose of resale; or
  - (iii) to display by the dealer for sale;
- (c) "consignor"** means a person who makes a consignment;

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**(d) "purchase agreement"** means an agreement between a dealer and a purchaser for the sale and purchase of a consigned vehicle that meets the requirements of section 5-24 [Vehicle contract requirements].

### **Form of consignment agreement**

**5-26(1)** If a consignment is negotiated between a dealer and a consignor, the dealer must prepare a consignment agreement and provide the consignor with a copy of the consignment agreement at the time of signing by the consignor.

(2) The consignment agreement must contain:

- (a) the names and addresses of the consignor and the dealer;
- (b) the commencement date and the termination date of the consignment;
- (c) a complete description of the vehicle being consigned, including the year, make, model, vehicle identification number, odometer reading and license plate number;
- (d) the agreement of the consignor that the vehicle will remain the property of the consignor until it is sold;
- (e) confirmation from the consignor that the consignor owns the vehicle and has the right to sell the vehicle;
- (f) confirmation that any outstanding liens will be discharged at the time of sale;
- (g) the minimum price the consignor will accept for the sale of the vehicle;
- (h) the amount payable to the dealer, for services provided by the dealer as a consignment agent, expressed as:
  - (i) a fixed amount payable only if the vehicle is sold;
  - (ii) a fee for services that is:
    - (A) a fixed amount payable whether or not the vehicle is sold;
    - (B) a percentage of the actual selling price of the vehicle payable only if the vehicle is sold;  
or
    - (C) an amount that exceeds an agreed upon minimum selling price of the vehicle payable only if the vehicle is sold; or
  - (iii) any combination of the fee for services under subparagraph (ii)(A), (B) or (C);
- (i) a statement that any cheque, bank draft or money order of the purchaser must be made payable to the dealer in trust;

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(j) a statement that the consignor must not sign over vehicle ownership registration forms in blank to the dealer;

(k) a description of any warranty or guarantee assignable by the consignor;

(l) a statement of the responsibilities of both the consignor and the dealer with respect to insurance coverage on the vehicle during the period of the consignment;

(m) a statement allowing for or restricting the use of the vehicle during the period of the consignment;

(n) a statement of the responsibilities of both the consignor and the dealer when the vehicle is sold by the dealer, including a statement that:

(i) the dealer must send or deliver to the consignor notification of the sale of the consigned vehicle within one day after the sale of the consigned vehicle; and

(ii) disbursement of the sale proceeds must take place within 14 days after the sale of the consigned vehicle unless the consignor specifically waives this right, in writing, after the sale.

### **Form of purchase agreement for consignments**

**5-27(1)** If the purchase of a consigned vehicle is negotiated between a dealer and a consumer, the dealer must prepare a purchase agreement in accordance with section 5-24 [Vehicle contract requirements] and provide the purchaser with a copy of the purchase agreement at the time of signing by the purchaser.

(2) In addition to the requirements in section 5-24 [Vehicle contract requirements], the agreement must contain a statement that the vehicle is on consignment.

### **Warranty**

**5-28 (1)** In this section, “**power train**” means the engine, transmission, drive shafts, differentials, and the final drive.

(2) On any sale or lease of a used vehicle by a dealer, the dealer must provide a minimum warranty on the power train for 30 days or 1,000 kilometers, whichever first occurs.

(3) If any component of the power train fails during the warranty period, it is deemed to be a breach of substantial character within the meaning of clause 28(1)(b) of the Act.

(4) The warranty provided by subsection (2) does not diminish any other warranty provided by the Act, the dealer, the manufacturer, or any other party.

(5) Subsection (3) does not apply if it can be demonstrated that during the minimum warranty period the vehicle was used or misused in a manner that was not reasonably intended when it was sold.

## Vehicle Dealer Regulations

### **Responses can be sent to:**

Mary Ellen Wellsch  
800-1874 Scarth Street  
Regina, SK S4P 4B3

[Maryellen.Wellsch@gov.sk.ca](mailto:Maryellen.Wellsch@gov.sk.ca)