

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2023-2024 Regular Session

SB 1482 (Glazer)
Version: April 9, 2024
Hearing Date: April 23, 2024
Fiscal: Yes
Urgency: No
AWM

SUBJECT

Commercial financing

DIGEST

This bill expands the California Financing Law (CFL) to include all types of commercial financing offered to small businesses; and adds new requirements for commercial financing providers and commercial financing brokers in commercial financing transactions with small businesses, as defined. These provisions will take effect January 1, 2026.

EXECUTIVE SUMMARY

The CFL regulates commercial and consumer loans in California. Its primary goals are to ensure an adequate supply of lending to borrowers in California, while protecting borrowers against unfair business practices. Currently, however, the CFL does not apply to non-loan financing products, which may include asset-based lending, accounts receivable purchase transactions, and open-ended credit plans. These forms of financing are often offered to businesses, particularly small businesses, that may not qualify for a traditional loan and which may be less financially sophisticated. The Legislature has taken steps in the last year to add disclosure requirements for, and eliminate “junk fees” charged in, all commercial financing transactions.¹

This bill takes the significant step of expanding the CFL to apply to providers and brokers who engage in all types commercial financing transactions with small businesses – not just loans. First, the bill expands the CFL’s existing licensing and enforcement provisions to cover commercial financing providers and commercial financing brokers who transact with small businesses. Second, the bill adds to the CFL specific additional requirements for the commercial financing providers and brokers when engaging in commercial financing transactions with small businesses; these

¹ See SB 33 (Glazer, Stats. 2023); SB 666 (Min, Ch. 881, Stats. 2023).

added requirements are intended to ensure that the small businesses who are engaging in financial transactions have the information they need to make sound financing decisions. The bill's new requirements will take effect January 1, 2026.

This bill is substantially similar to SB 869 (Glazer, 2023), which this Committee passed in January 2024. SB 869 was held in the Senate Appropriations Committee. Since introducing this bill, in response to concerns from the opposition, the author has also removed the requirement that a commercial financing broker provide their best estimate of the best APR for which a small business applicant could qualify.

This bill is sponsored by the author and is supported by Access Plus Capital, the California Coalition for Community Investment, CAMEO, the Consumer Federation of California, the Micro Enterprise Collaborative of Inland Southern California, the National Reinvestment Coalition, Pacific Community Ventures, Public Counsel, the Renaissance Entrepreneurship Center, the Responsible Business Lending Coalition, RISE Economy, Small Business Majority, and the Uptima Entrepreneur Cooperative. This bill is opposed by Forward Financing, Kapitus, Rapid Finance, the Revenue Based Finance Coalition, and the Small Business Finance Association. The Senate Banking and Financial Institutions Committee passed this bill with a vote of 6-0.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the CFL, which regulates consumer and commercial loans with the goals of ensuring an adequate supply of credit to borrowers in the state and protecting borrowers against unfair lending practices. (Fin. Code, div. 9, §§ 22000 et seq.)²
- 2) Defines terms within the CFL, including:
 - a) "Broker," which includes any person who is engaged in the business of negotiating or performing any act as a broker in connection with loans made by a finance lender. (Fin. Code, § 22204.)
 - b) "Finance lender," which includes any person who is engaged in the business of making consumer or commercial loans; the business of making consumer or commercial loans may include lending money and taking, in the name of the lender, or in any other name, in whole or in part, as security for a loan, any contract or obligation involving the forfeiture of rights in or to personal property, the use and possession of which property is retained by other than the mortgagee or lender, or any lien on, assignment of, or power of attorney

² The CFL and other financial regulations set forth herein exclude from their ambit institutions regulated other existing law, including depository institutions, institutions subject to certain federal regulations, and institutions that make only a small number of commercial financial transactions in the state each year. (E.g., Fin. Code, §§ 22050, 22050.5, 22801; Civ. Code, § 1799.301.)

- relative to wages, salary, earnings, income, or commission. This definition includes a personal property broker. (Fin. Code, § 22209.)
- c) "Charges," for purposes of a commercial loan, include the aggregate interest, fees, bonuses, commissions, brokerage, discounts, expenses, and other forms of costs charged, contracted for, or received by a licensee or any other person in connection with the investigating, arranging, negotiating, procuring, guaranteeing, making, servicing, collecting, and enforcing of a loan or forbearance of money, credit, goods, or things in action, or any other service rendered; "charges" excludes commissions received by a licensed insurance agent or broker. (Fin. Code, §§ 22500, 22501.)
 - d) "Commercial loan" means a loan of a principal amount of \$5,000 or more, or any loan under an open-end credit program, whether secured by either real or personal property, or both, or unsecured, the proceeds of which are intended by the borrower for use primarily for other than personal, family, or household purposes. For purposes of determining whether a loan is a commercial loan, the lender may rely on any written statement of intended purposes signed by the borrower. The statement may be a separate statement signed by the borrower or may be contained in a loan application or other document signed by the borrower. The lender shall not be required to ascertain that the proceeds of the loan are used in accordance with the statement of intended purposes. (Fin. Code, § 22502.)
- 3) Provides that no person shall engage in the business of a finance lender or broker without obtaining a license from the Commissioner of the DFPI. (Fin. Code, § 22100.)
 - 4) Establishes requirements for a covered entity to apply for, and for the DFPI to issue, a license pursuant to 3). (Fin. Code, §§ 22101-22112.)
 - 5) Authorizes the Commissioner of the DFPI to make general rules and regulations and specific rulings for the enforcement of the CFL, and sets forth various actions that are prohibited, or mandated, by a licensee. (Fin. Code, §§ 22151-22171.)
 - a) Commercial lenders are exempt from certain requirements involving the lender's name and place of business, provided that the lender's activity is not for purposes of evading the CFL. (Fin. Code, § 22550.)
 - 6) Authorizes the Commissioner of the DFPI to take various actions in response to a licensee in violation of the CFL, including taking action to deny, suspend, revoke, or decline to renew a license; imposing fines on a licensee; issuing corrective orders; or imposing a civil penalty after a hearing on the record in which the licensee was provided the opportunity to be heard. (Fin. Code, § 22172.)
 - 7) Establishes specific regulations for commercial lenders and loans covered by the CFL, including the sale of promissory notes, payments made to unlicensed persons

who make referrals to lenders, and open-ended credit programs. (Fin. Code, div. 9, ch. 3, arts. 3-4, §§ 22600-22650.)

- 8) In addition to the CFL, requires the providers of commercial financing – defined to include all commercial financing products, not just loans – to make specified disclosures in connection with commercial financing offers, including the total amount of funds provided, the total dollar cost of the financing, the term or estimated term, and the total cost of financing expressed as an annualized rate. (Fin. Code, div. 9.5, §§ 22800 et seq.)
- 9) Prohibits a broker or provider of commercial financing from charging specified fees in a commercial financing transaction with a small business, as defined, including:
 - a) A fee for accepting or processing a payment required by the terms of the commercial financing contract as an automated clearinghouse transfer debit, except where the transfer fails due to insufficient funds in the transferor's account.
 - b) A fee for providing a small business with certain documentation regarding the amount due on the loan.
 - c) A fee in addition to an origination fee that does not have a clear corresponding service for the fee.
 - d) A fee for monitoring the small business's collateral, unless the underlying transaction is delinquent for more than 60 days.
- 10) A fee for filing or terminating a lien filed in accordance with the provisions of the Uniform Commercial Code against the business's assets that exceeds 150 percent of the cost of the filing or termination. (Civ. Code, div. 3, pt. 4, tit. 1.90, §§ 179.300 et seq.)

This bill:

- 1) Requires commercial financing providers and commercial financing brokers that provide commercial financing to small businesses (collectively, CF providers and brokers) to be licensed under, and subject to, the CFL.
- 2) Defines, pursuant to 1):
 - a) "Commercial financing" as an accounts receivable purchase transaction, including factoring, asset-based lending transaction, commercial loan, commercial open-ended credit plan, or lease financing, intended by the recipient for use primarily for a purpose other than a personal, family, or household purpose. For purposes of determining the primary purpose of the financing, the provider may rely on any written statement of intended purposes signed by the recipient (either separate from or included with the loan application); the provider need not ascertain that the proceeds are financed in accordance with the statement of intended purposes.

- b) A “commercial financing broker” as a person who is engaged in the business of performing enumerated acts in connection with commercial financing made by a commercial financing provider, including relating to commercial financing referrals and participating in commercial financing negotiations, as specified. A person is not a commercial financing broker solely because they engage in any of the following actions:
 - i. Perform support tasks, including, but not limited to, typing, word processing, data entry, filing, billing, answering telephone calls, taking and receiving messages, and scheduling, in support of a broker.
 - ii. Furnish a consumer report, consumer credit report, or prequalifying report to a covered entity by a consumer reporting agency in accordance with specified federal laws.
 - iii. Distribute or disseminate to a prospective recipient of a provider’s marketing materials or factual information about the provider, its lending activities, or its loan products, including, but not limited to, the provider’s interest rates, the provider’s minimum or maximum loan amounts or loan periods, or a general description of the provider’s underwriting criteria.
 - c) A “commercial financing provider” is a person who extends a specific offer of commercial financing to a recipient, including, but not limited to, a nondepository institution that enters into a written agreement with a depository institution to arrange for the extension of commercial financing by the depository institution to a recipient via an online lending platform administered by the nondepository institution. The fact that a commercial financing provider extended a specific offer of commercial financing on behalf of a depository institution shall not be construed to mean that the commercial financing provider engaged in, or originated, that financing.
 - d) A “recipient” is a small business or small business owner who is presented with a specific commercial financing offer by a commercial financing provider that is equal to or less than \$500,000.
- 3) Adds, within the CFL, requirements for commercial financing made or offered to small businesses, including the below and 4)-13):
- a) A CF provider or broker shall not take a confession of judgment or any power of attorney at any time before a default by a small business recipient under the terms of the commercial financing transaction agreement or contract.
 - b) A CF provider or broker shall not include a provision in a commercial financing transaction agreement or contract with a small business recipient that authorizes a CF provider or broker to attach or garnish any of a recipient’s money held in an account in a depository institution.
- 4) Provides that a CF provider or broker shall not do any of the following:
- a) Take an instrument in which blanks are left to be filled in after execution.

- b) Include a provision in a contract or agreement with a recipient that limits or restricts the recipient from disclosing information that the recipient gains from the recipient's business activities with the CFL licensee.
 - c) Violate existing prohibitions on charging certain fees in connection with a commercial financing transaction with a small business, as set forth in Title 1.90 of Part 4 of Division 3 of the Civil Code.
 - d) Collect a charge based on the identity of the person paying for the repayment of a commercial financing transaction.
- 5) Provides that a commercial financing provider providing commercial financing to a small business recipient must:
- a) Comply with the existing disclosure requirements for commercial financing set forth in Title 9.5 of the Commercial Code.
 - b) Obtain from the small business recipient a signed statement regarding whether a broker or other person participated in the commercial financing transaction, and if so, obtain a full statement of all sums paid or payable to the broker or other person.
 - c) Permit payment to be made in advance in any amount on any commercial financing transaction at any time.
 - d) Upon repayment in full of a commercial financing transaction, release any security for the transaction, endorse and return any certificate of ownership, and cancel or plainly mark "paid" and return any note, mortgage, security agreement, trust deed, assignment, or order signed by the recipient, as specified and subject to certain conditions.
 - e) Deliver to a recipient a statement showing in clear terms the name, address, and license number of the CF provider or broker (if any), at the time a specific offer is extended.
 - f) Upon a written request from a recipient, deliver, or cause to be delivered, an accurate statement of the total outstanding payment that would be required to pay the obligation in full, as specified.
 - g) Provide to a commercial financing broker, at least annually by December 31 of each year, the following information for each commercial financing transaction for which the commercial financing broker made a referral to the commercial financing provider:
 - i. The name of the recipient.
 - ii. The total amount of funds provided.
 - iii. The total cost of the financing.
 - iv. The annual percentage rate.
- 6) Provides that a commercial financing broker engaging in specified activities with a small business recipient must:
- a) At the time the final negotiation or arrangement is made, deliver to the recipient and the commercial financing provider a statement showing in clear

- terms the CF provider's and broker's name, address, and license numbers, as specified.
- b) Deliver to the person making a payment to the broker a receipt for each payment made, at the time it is made, including specified information.
 - c) Deliver to any potential recipient, at the time the broker first requires or accepts a signed instrument or the payment of a fee, a statement showing in clear and distinct terms the CF provider's and broker's name, address, and license number.
- 7) Requires a commercial financing broker to disclose to a prospective small business recipient information concerning the commercial financing transactions referred by the broker in the previous calendar year on or after February 1, including the average, minimum, and maximum combined APRs and estimated APRs disclosed to recipients for consummated commercial financing transactions.
- a) A broker must ensure that this information appears clearly and conspicuously on the broker's website.
 - b) A broker shall not engage in further brokering services with a potential recipient who has received this information before the recipient acknowledges the disclosure in writing.
- 8) Provides that a commercial financing provider may use the underwriting method, as defined, unless the provider participates in a review process, and permits the Commissioner of the DFPI to establish the methods of reporting required for the review process.
- 9) Restricts a commercial financing provider's use of the terms "interest," "rate," and "APR" to certain contexts.
- 10) Provides that if, as a condition of obtaining commercial financing, a commercial financing provider requires a recipient to pay off the balance of an existing commercial financing transaction from the same provider, the provider shall disclose the amount of the new commercial financing transaction that is used to pay off the existing transaction that consists of prepayment charges required to be paid and any unpaid interest expense that was not forgiven at the time of the renewal, as specified.
- 11) Provides that a person who, in this state, contracts for or negotiates a commercial financing transaction with a recipient domiciled in this state to be made outside the state for purposes of evading or avoiding 3)-10) is subject to those provisions.
- 12) Defines the following additional terms, in connection with 3)-11):
- a) "Accounts receivable purchase transaction" has the same meaning as defined in Finance Code section 22800: a transaction as part of an agreement requiring a recipient to forward or otherwise sell to the provider all or a portion of accounts, payment intangibles, or cash receipts that are owed to the recipient

- or are collected by the recipient during a specified period or in a specified amount.
- b) "Annual percentage rate" or "APR" is an annualized rate calculated pursuant to Subchapter 3 of Chapter 3 of Title 10 of the California Code of Regulations.
 - c) "Asset-based lending transaction" has the same meaning as defined in Finance Code section 22800: a transaction in which advances are made from time to time contingent on a recipient forwarding payments received from one or more third parties for goods the recipient has supplied or services the recipient has rendered to that third party or parties.
 - d) "Charge" includes a profit or advantage of any kind that a licensee may contract for, collect, receive, or obtain by a collateral sale, purchase, or agreement, in connection with negotiating, arranging, making, or otherwise in connection with any commercial financing transaction.
 - e) "Referral" is the introduction of a prospective recipient to a commercial financing provider, or the delivery of a prospective recipient's contact information to a commercial financing provider, for the purpose of making an introduction.
 - f) "Sensitive data" is any of: a bank account number, a bank statement, a credit or debit card account number, a credit score, all or a portion of a social security number, personal or business income information, or a taxpayer identification number.
 - g) "Small business" is an independently owned and operated business that is not dominant in its field of operation and meets all of the following criteria:
 - i. The principal office of the business is located in California.
 - ii. The officers of the business are domiciled in California.
 - iii. The business, together with its affiliates, has 100 or fewer employees.
 - iv. The business had average annual gross receipts of \$15 million or less over the previous three years.
- 13) Expands the enforcement authority of the DFPI to authorize the DFPI to take licensure action against a commercial financing provider who has repeatedly failed, when making or negotiating commercial financing transactions, to take into consideration the recipient's ability to repay the transaction in determining the size, duration, and repayment features of the commercial financing agreement or contract.
- 14) Provides that 1)-13) take effect on January 1, 2026.

COMMENTS

1. Author's comment

According to the author:

As the need for capital continues to grow, new forms of financing have developed to help entrepreneurial Californians receive the monetary means of starting or improving their businesses. These new forms of financing include products like merchant cash advances and factoring. Unfortunately, these new forms of financing exist and operate within the gaps of California's commercial financing law, because they are not considered loans. The gaps in California's commercial financing law allows commercial finance providers and brokers to operate with little to no oversight, exposing small business borrowers to exploitation and manipulation. Currently, the state has no means of protecting its small business borrowers from falling prey to broker steering [and] exploitation. SB 1482 requires the state to license commercial financing providers and individuals who provide brokerage services in commercial financing. It also prohibits practices such as broker steering, confessions of judgment, and confidentiality clauses. SB 1482 also requires brokers to disclose the average APRs of their previous clients. SB 1482 will allow California to protect its small businesses. It will improve access to capital and innovation in small business financing by establishing a level playing field of competition and transparency.

2. California's commercial financing regulations and the gap in the CFL

Consumer protection in the banking and finance sector is a priority for this state. The CFL sets forth a comprehensive regulatory framework for consumer and commercial loans issued by specified financial institutions.³ The CFL's goals include permitting and encouraging the development of economically sound lending practices and protecting borrowers against unfair practices by some lenders, and its provisions should be liberally construed to promote its purposes and policies.⁴

With the advent of different types of commercial financing, however, not all commercial financing entities are covered by the CFL. These alternative financing products include sales-based financing, like merchant advances, lease financing, and factoring – all of which are structured in ways that do not make them “loans” from a legal perspective, though each product serves the same basic function of providing a small business with funds that are paid back over time to the financing provider. While businesses with steady track records and healthy financial situations may be able to access transparent and low-cost options from banks, such as installment loans or

³ Fin. Code, div. 9, §§ 22000 et seq.

⁴ *Id.*, § 22001.

lines of credit, small businesses are more likely to be relegated to these newer, sometimes more confusing, financing options. In particular, newer businesses or those with varying cash flows or high debt burdens may not be able to qualify for bank loans and instead may seek out financing from alternative providers.

In response, the Legislature enacted SB 1235 (Glazer, Ch. 1011, Stats. 2018), which established disclosure requirements for specified entities extending commercial financing offers of less than \$500,000. SB 1235 deliberately placed its disclosure requirements outside of the CFL to ensure that it covered all commercial lenders, except those already covered by other specified disclosure laws.⁵ Last year, the Legislature enacted SB 33 (Glazer, Ch. 376, Stats. 2023), which removed the sunset clause on one of the disclosures required for non-lender commercial finance providers: the requirement that they disclose the total cost of the financing as expressed in an annualized rate, in a format implemented by the DFPI through regulation.

Additionally, last year the Legislature enacted SB 666 (Min, Ch. 881, Stats. 2023), which limited or banned the types of fees that a commercial financing provider may charge to a small business. The bill was specifically aimed at fees that were not covered by SB 1235 and which the author deemed “junk fees,” i.e., fees charged without real notice to the recipient and without a meaningful connection to any service provided. The analysis of the Senate Banking and Financial Institutions, which is incorporated here by reference, discusses these measures and other recent measures in greater detail.

3. This bill expands the scope of the CFL to include non-loan commercial financing products offered to small businesses and adds additional protections for small business commercial financing

This bill is intended to ensure that all types of commercial financing instruments offered to small businesses, not just loans, are covered by the CFL. To accomplish this goal, the bill adds definitions for “commercial financing,” “commercial financing provider,” and “commercial financing broker” to the CFL and includes commercial financing providers and commercial financing brokers to the list of entities that must be licensed under, and are regulated by, the CFL. These definitions are tied to another new definition: a “recipient,” which is defined as a small business or small business owner who is presented with a specific commercial financing offer by a commercial financing provider that is equal to or less than \$500,000. Accordingly, the bill’s extension applies only to small business commercial financing and does not unduly interfere in financing negotiations with larger, more sophisticated businesses.

The bill also adds to the CFL requirements specific to the commercial financing providers and brokers who engage in commercial financing transactions with small businesses. These requirements include prohibiting certain questionable contracting

⁵ Sen. Comm. on Banking & Financial Institutions on Sen. Bill No. 1235 (2017-2018 Reg. Sess.) Aug. 31, 2018, p. 7; Fin. Code, § 228801.

practices, such as taking an instrument with blanks to be filled in; taking a confession of judgment or power of attorney before a default by a recipient; and limiting or restricting the recipient from disclosing information the recipient gains from their business activities with the provider or broker. The bill also adds affirmative obligations for commercial financing providers and brokers engaging with small businesses, which are intended to provide small businesses with information that will help them make prudent financing decisions and avoid surprises once a commercial financing transaction is executed.

This Committee heard a substantially similar version of this bill in January 2024.⁶ At that time, the author agreed to take several amendments to the bill in response to concerns from the opposition. Those amendments were incorporated into the bill when it was reintroduced by the author. The author has also subsequently amended the bill to delete the provision requiring a commercial financing broker to disclose to a potential small business recipient the broker's best estimate of the lowest APR for which the small business could qualify. Opponents of the bill argue that the bill is still more onerous than necessary to protect small businesses.

4. Arguments in support

According to a coalition of supporters:

SB 1482 fixes three problems:

1) The "wild west" of small business brokering. Small businesses today are routinely "steered" by brokers into financing that pays the broker the highest fee while charging the small business an unnecessarily high rate, echoing one of the causes of the subprime mortgage crisis. In fact, investigative reports have shown that many subprime mortgage brokers who lost their mortgage licenses simply moved over to the unregulated "wild west" of small business financing.

SB 1482 empowers small businesses to make informed decisions in work with brokers and report bad actors, by establishing a licensing framework and transparency about the broker's offerings.

2) Unfair practices in the financing shadows. While small business lenders are subject to licensing and oversight by DFPI, similar products that purport not to be loans evade these requirements and operate in the shadows. Additionally, CA's 2022 ban on "confessions of judgement" (SB 688) is being circumvented by similar legal devices used to take money straight from small businesses bank accounts without legal recourse. And "confidentiality clauses" are being used to bully small businesses into keeping silent about their victimization.

⁶ See SB 869 (Glazer, 2023). The bill died in the Senate Appropriations Committee.

SB 1482 will catalyze good lending to small businesses by preventing bad-actor financing companies from taking unfair advantage of their competition and of small business customers.

3) Loopholes in our price disclosure regulations ask bad actors to slap their own wrists. The unanimous passage of SB 33 last session made permanent California's transparent price disclosure framework for small business financing. However, that disclosure framework remains hobbled by several loopholes. It may allow merchant cash advance companies to make up unreasonably low prices to disclose, without DFPI ever knowing. The current regulations ask these merchant cash advance companies to police themselves for honesty and slap their own wrists if they catch themselves cheating.

DFPI acknowledged the need to correct this problem five times in its Statement of Reasons for the disclosure rulemaking. SB 1482 would address this needed fix, and several other loopholes that New York State closed when it passed its own disclosure law that was inspired by California's.

5. Arguments in opposition

According to the Revenue Based Finance Coalition:

The RBFC respectfully submits that these recently enacted laws effectively ensure that small business financing is provided in a safe and ethical manner. And as noted in the January 12, 2024, Senate Appropriations Committee's Bill Analysis for SB 869 (which was a prior version of SB 1482), expanding CFL licensing would require another expansion of the DFPI's budget, coming on the heels of recent significant DFPI budget increases to implement the CCFPL among other laws. This raises the question of whether requiring licensing is worth the additional cost to California taxpayers.

The RFBC believes that a better option is registration through the NMLS system. Registration would assist the DFPI's efforts to monitor financing providers who do not originate loans, and would greatly reduce the costs associated with applications for, investigating and maintaining licenses. Two states (Virginia and Utah) have successfully implemented registration requirements for providers of non-loan commercial financing, and Connecticut will require registration starting on July 1, 2024. Notably, Utah uses NMLS for commercial financing provider registration, which also could be used for California.

SUPPORT

Access Plus Capital
California Coalition for Community Investment

CAMEO

Consumer Federation of California

Micro Enterprise Collaborative of Inland Southern California

National Reinvestment Coalition

Pacific Community Ventures

Public Counsel

Renaissance Entrepreneurship Center

Responsible Business Lending Coalition

RISE Economy

Small Business Majority

Uptima Entrepreneur Cooperative

OPPOSITION

Forward Financing

Kapitus

Rapid Finance

Revenue Based Finance Coalition

Small Business Finance Association

RELATED LEGISLATION

Pending Legislation:

SB 1521 (Senate Banking and Financial Institutions Committee, 2024) permits a commercial financing provider or broker to charge a fee for monitoring a small business's collateral in a small business commercial financing transaction when (1) the commercial financing transaction is asset-based loan or factoring and specified conditions are met, or (2) the fee is expressed as a dollar amount or a percentage of an identifiable base, and the fee is deemed a finance charge, as defined. SB 1521 is pending before the Senate Judiciary Committee and is set to be heard on the same day as this bill.

SB 1466 (Min, 2024) permits a commercial financing provider or broker to charge a fee for monitoring a small business's collateral in a small business commercial financing transaction if the fee is charged to compensate the entity for certain services. SB 1466 is pending before the Senate Banking and Financial Institutions Committee.

Prior Legislation:

SB 869 (Glazer, 2023) was substantially similar to this bill. SB 869 died in the Senate Appropriations Committee.

SB 666 (Min, Ch. 881, Stats. 2023) restricted specified fees charged to small businesses by commercial financing providers and brokers in connection with commercial financing transactions.

SB 33 (Glazer, Ch. 376, Stats. 2023) removed the sunset provision put in place by SB 1235 (Glazer, Ch. 1011, Stats. 2018) on a specific disclosure term required for entities offering commercial financing products not covered by the CFL.

SB 1235 (Glazer, Ch. 1011, Stats. 2018) established disclosure requirements for specified entities extending commercial financing offers of less than \$500,000, including entities offering commercial financing in forms not covered by the CFL.

PRIOR VOTES:

Senate Banking and Financial Institutions Committee (Ayes 6, Noes 0)
