

DBO Seeks Comments On Commercial Loan Disclosure Rules

Allen Matkins
CHALLENGE. OPPORTUNITY. SUCCESS.

Article By

[Keith Paul Bishop](#)

[Allen Matkins Leck Gamble Mallory & Natsis LLP](#)

[California Corporate and Securities Law](#)

- [Financial Institutions & Banking](#)
- [Election Law / Legislative News](#)
- [California](#)

Friday, December 7, 2018

This September, Governor Jerry Brown signed [SB 1235](#) (Stats. 2018, Ch. 1011) into law. In a nutshell, SB 1235 adds a new division to the Financial Code imposing specific loan disclosure requirements on providers of commercial financings. These disclosures include:

- The total amount of funds provided;
- The total dollar cost of financing;
- The term or estimated term;
- The method, frequency, and amount of payments;
- A description of prepayment policies; and,
- Until January 1, 2024, the total cost of the financing expressed as an annualized rate.

The bill requires the Commissioner of Business Oversight to adopt regulations governing these disclosures. Cal. Fin. Code § 22804. As a first step, the Commissioner earlier this week issued an [invitation for comments](#) on these as yet to be proposed regulations. Mercifully, commercial financing providers are not required to comply with the new disclosure requirements until the Commissioner's regulations are adopted and become effective. Cal. Fin. Code § 22804(c).

For more on this legislation, see this earlier [post](#).

© 2010-2019 Allen Matkins Leck Gamble Mallory & Natsis LLP

Source URL: <https://www.natlawreview.com/article/dbo-seeks-comments-commercial-loan-disclosure-rules>