

DEPARTMENT OF
FINANCIAL PROTECTION AND INNOVATION

IN THE MATTER OF THE)
PUBLIC HEARING OF:)
)
PROPOSED COMMERCIAL FINANCING)
DISCLOSURE REGULATIONS)
_____)

CERTIFIED COPY

VIRTUAL TRANSCRIPT OF PROCEEDINGS

Via Zoom

Monday, November 9, 2020

Reported by:

SHELBY K. MAASKE
Hearing Reporter

Job No. :
29273DFPI

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DEPARTMENT OF
FINANCIAL PROTECTION AND INNOVATION

IN THE MATTER OF THE)
PUBLIC HEARING OF:)
PROPOSED COMMERCIAL FINANCING)
DISCLOSURE REGULATIONS)
_____)

VIRTUAL TRANSCRIPT OF PROCEEDINGS,
taken via Zoom, commencing at 1:00 p.m.
and concluding at 2:30 p.m. on Monday,
November 9, 2020, reported by Shelby K. Maaske,
Hearing Reporter.

1 APPEARANCES:

2 Jesse Mattson, Senior Counsel

3 Cassandra Dibendetto, Moderator

4

5 PUBLIC SPEAKERS:

PAGE

6 Gary Reese

5

7 Hamid Namazie

8

8 Syndee Breuer

13

9 Scott Riehl

14

10 Charles Cross

16

11 Katherine Fisher

19

12 Heidi Pickman

23

13 Greg Hoover

26

14 Steve Denis

29

15 Scott Pearson

33

16 Jan Owen

36

17 Jesse Carlson

38

18 Alexis Shapiro

40

19 Bianca Blonquist

44

20 Natalie Pappas

46

21 Gilberto Mendoza

50

22 Louis Cadizpech

54

23

24

25

1 Videoconference via Zoom; Monday, November 9, 2020

2 1:00 p.m.

3
4
5 MR. MATTSON: Hi, everyone. My name is Jesse
6 Mattson. Welcome to the Department of Financial
7 Protection and Innovations hearing on the Proposed
8 Commercial Financing Disclosure Regulations. I am the
9 attorney working on this. The moderator today is
10 Cassandra Dibendetto. She is going to be making sure
11 everyone is sticking to their five minutes to speak.

12 I have some guidelines to go over before we
13 begin. Today we will be hearing public commentary on the
14 Proposed Regulation Package for the Commercial Financing
15 Disclosures. The documents related to those regulations
16 can be found on our website if you need to reference them
17 during the hearing.

18 Everyone wishing to speak during the hearing
19 needs to use the Zoom application to raise their hand, and
20 our moderator will call on you when it is your time to
21 speak. We are asking that no person speak more than once
22 in order to make sure everyone has a chance. Before you
23 get into the substance of your comments, please state your
24 name and organization for the record.

25 We are trying to keep everyone to five minutes.

1 The moderator will let you know when your five minutes
2 have elapsed. To make sure everyone has time, the
3 moderator is reserving the right to mute anyone who goes
4 beyond their five minutes to move on to the next speaker.

5 We are going to let the hearing run until
6 4:00 p.m. or earlier if there are no persons waiting to
7 speak. If you do not get a chance to speak today due to
8 just the volume of speakers, we are also accepting written
9 comments on the regulations that you can submit to the
10 Department's regulations e-mail address which is
11 regulations@dfpi.ca.gov no later than 4:00 p.m. today.

12 We need to make sure all the comments are
13 received by the end of the hearing in order to accept
14 them. We are recording this hearing, and it is also being
15 transcribed. A transcript of the hearing and the comments
16 of everyone speaking today will become part of the public
17 record and will eventually be posted on our website when
18 we get all of those documents ready.

19 I don't know who wants to speak first, but that's
20 all I have got. I'm ready to hear your comments.

21 MR. REESE: My name is Gary Reese. I'm president
22 of State Financial Corporation. State Financial has been
23 a California ABL lender since 1967. We have been a CFL
24 licensee since 1995. Prior to 1995, we held a PPB
25 license. For the 53 years State Financial has been in

1 business, ABL has been a stable product which has served
2 generations of California businesses From when aerospace
3 was king until now, to help California grow. ABL is not
4 transactional; it's a relationship business and generates
5 strong ties between lenders and their borrowers.

6 For example, currently, State Financial's
7 customers have been with us an average of six years. One
8 account has been with us since 2000. Within the last
9 year, one account has been with us for 19 years, and
10 another for 23 left. Sometimes clients leave when they
11 find times are good but return in harder times. For
12 instance, today, 12 percent of our portfolio were repeats.

13 State is not alone in its ability to maintain
14 strong relationships. This couldn't be done if clients
15 didn't get the deal they believed they had signed up for
16 or if their expectations had not been met. My point is a
17 light touch of regulation has served borrowers well. I
18 ask that the light touch be maintained, and that the Board
19 adopts simple rules clearly directed for financing
20 patterns currently in use.

21 My written comments filed last month focused on
22 keeping those regulations simple. I don't mean to repeat
23 them here, but I do want to reiterate three points.
24 First, to be successful, the matrix needs to be revised
25 with an eye to simplification. Hamid Namazie, an expert

1 in truth and lending disclosure and representing the
2 secured finance network, will direct a portion of his
3 comments to the difficulty in completing the matrix. I
4 ask that the Commission take his comments to heart.

5 Second, the regs do not allow an apples-to-apples
6 comparison between different financial products,
7 particularly ABL to MCA. This is because under the regs,
8 fixed upfront costs are spread over the time it takes us
9 to collect first advance, something, like, 40 days, rather
10 than determine any agreement normally a year or even
11 longer.

12 This doesn't make sense when the expectation of
13 all parties is that there will be a loan balance
14 maintained over the life of the contract. A savvy
15 borrower would have to reverse engineer the matrix to
16 determine the cost over the life of the loan. An unsavvy
17 borrower will simply be misled.

18 Third, the regs require too many speculative
19 assumptions. For instance, the amount of collections,
20 time of advances, collateral balances, and others. As a
21 result, even with a common interest rate, inconsistent
22 assumptions among lenders will result in a different APR.

23 The speculative assumptions provide an
24 opportunity for unscrupulous lenders to lowball
25 assumptions resulting in a lower rate, and stacking

1 assumption upon assumption may magnify the error of each.
2 Thus, the safe harbor should be incorporated into the regs
3 to protect honest lenders who, in their assumptions which,
4 after all, will often be based on the borrower's own
5 estimates relating their business and their needs.

6 Finally, as long as I have been in the industry,
7 ABL has served California borrows well without disturbance
8 to borrower's expectations. I ask the regs and the matrix
9 be amended, to be simplified, and to keep the pipeline of
10 credit open for California borrowers. Thanks.

11 MS. DIBENDETTO: Thank you.

12 Up next, we have Hamid Namazie.

13 MR. NAMAZIE: Thank you. I'm Hamid Namazie,
14 partner in Los Angeles Office of International Law Firm of
15 McGuireWoods. I focus my practice on representing
16 asset-based lenders and factors, and have a great deal of
17 experience with consumer finance companies and the
18 disclosure requirement applicable to them.

19 I'm here today, as Gary stated, on behalf of the
20 Secured Finance Network, which is a 76-year-old trade
21 association representing mainly asset-based lenders and
22 factors across the United States and internationally.
23 Gary with State Financial, as he said, is one such
24 members.

25 Asset-based lending and factoring is a \$60

1 billion outstanding in California. And over the past 25
2 years, have average less than one half of one percent of
3 losses. So it's a very popular product. It's used in
4 small businesses frequently throughout California. Even
5 at the peek of the Great Recession, there was no more than
6 one percent of losses.

7 These are time-honored and well-managed products
8 that are aligned with the best interests of small
9 businesses. As SFNet members include large lending
10 institutions as well as lenders who are themselves small
11 businesses, providing commercial financing to other small
12 businesses.

13 It is important for small businesses in our state
14 to continue to have access to all commercial financing
15 products which are currently available them. We fear the
16 disclosure requirements and related regulation will have a
17 negative impact on such access to capital.

18 It's important to note that SFNet members are
19 very supportive of meaningful laws and regulations which
20 require the disclosure of information to small businesses
21 so that the small business can make informed decisions as
22 to which source of financing is best for them.

23 We have been clear since before the enactment of
24 SB 1235 that we are supportive on the intent of SB 1235,
25 and wish to simply make sure that disclosure requirements

1 are such that can be complied with, recognizing that it is
2 difficult, if not impossible, to fit all commercial
3 financing products into one box with uniform disclosures.

4 With that in mind, let's take a quick look at
5 disclosures as set forth in the proposed regulations. I
6 wish we had the time to go row by row and column by column
7 and explain how these disclosures can be problematic for
8 asset-based lenders and factors. Since we don't have the
9 time, here are some of the highlights.

10 The fact of disclosures that an estimated annual
11 percent rate be disclosed is our first discussion point.
12 There are a variation of factoring products, but the most
13 simple variation of the product is when the account
14 receivable owed to the small business is purchased by the
15 factor for a purchase price less than the face amount of
16 the invoice. That discount varies on the character of the
17 customer who owns the invoice, but it generally is about
18 five percentage points.

19 For example, let's assume a thousand-dollar
20 invoice is sold to a factor with a five percent discount,
21 and the small business has advanced a purchase price of
22 \$950.00. How does the provider create a disclosure based
23 on these facts?

24 Well, Section 3000 of the regulations suggest
25 that the APR is to be determined based on the payment of

1 the invoice on the last day of its payment terms in the
2 case or a determination based on a single transaction, and
3 based on actual payment terms of the invoice in an example
4 translation.

5 Clause E of Section 3000, and applying the above
6 facts, if the invoice is purchased on Day 30 of the 60-day
7 term invoice, the factor has to annualize a five percent
8 discount rate for 30 days, which means it has to disclose
9 an APR of 60 percent. Using Clause B of Section 3000, the
10 factor can make the disclosure based on a 60-day term
11 which results in an APR of 30 percent.

12 The same transaction results in a wildly varying
13 APR depending on which section is used. In either event,
14 the reality is that the cost of the factoring is
15 five percent -- is a five percent discount, and the APR is
16 meaningless and confusing. Also, it creates the
17 impression that the factoring product is extremely
18 expensive, when in reality, it may be the cheapest source
19 of capital available to the small business.

20 Because of this, as Gary stated, small businesses
21 may see this disclosure and the inaccuracy that it creates
22 and walk away from factoring when, in fact, the factoring
23 product might be the best product available to them.

24 Let's take a look at asset-based lending.
25 Similar issues exist here. To identify one of the issues,

1 the disclosure requires that the lender use an assumed
2 advance under the revolving credit facility. In order to
3 determine the APR, the interest rate as well as the fees
4 will be taken into account to calculate the APR under the
5 assumed advance amount.

6 A revolving asset-based credit facility has a
7 number of variables that need to be made static in order
8 to calculate the APR. The regulations require that the
9 following assumptions be made: One, a single advance is
10 made that stays outstanding over the year. And two, a
11 certain amount of daily collection be assumed which are
12 applied --

13 MS. DIBENDETTO: That is your time, Mr. Namazie.

14 MR. NAMAZIE: Can I finish my sentence?

15 MS. DIBENDETTO: Sure.

16 MR. NAMAZIE: With asset-based lending, these
17 assumptions create a false calculation, just as I said in
18 factoring. So here we just have a quick proposal we'd
19 like the DBO to take into account. Asset-based lenders
20 actually look at monthly outstandings in order to
21 determine the income that they generate off any
22 transaction --

23 MS. DIBENDETTO: That is your time.

24 MR. NAMAZIE: Thank you very much.

25 MS. DIBENDETTO: Up next, we have Syndee Breuer.

1 MS. BREUER: Hi. Thank you for allowing me the
2 opportunity to speak. I am Syndee Breuer, Executive Vice
3 President and Western Region Manager for Rosenthal and
4 Rosenthal of California. Rosenthal is a third-generation,
5 family-owned -- and yes, still the Rosenthal family --
6 commercial finance company that has been in business since
7 1938. Our corporate headquarters are in New York, and we
8 have had an office in California for 18 years.

9 I have personally been in the commercial finance
10 industry for 30 years, the last 11 with Rosenthal. We are
11 a provider of factoring, asset-based lending, and
12 purchase-order financing. We are not transactional
13 driven, but rather relationship in nature, whereby our
14 client relationships lasting in excess of three to five
15 years, and many for much longer. Many of our clients are
16 referred to us either by their trusted advisors, that
17 would be their accountant, attorney, or banker, or through
18 client referrals.

19 We principally factor and finance small and
20 medium-sized businesses at all life-cycle stages of the
21 business from inception, start-up, to growth, and even
22 businesses in a downward trend.

23 While we agree it is helpful to have meaningful
24 comparisons of rates and fees, it's imperative to ensure
25 an apples-to-apples comparison. Too many assumptions make

1 the comparison meaningless and may lead the small business
2 owner to make a decision that is not in its best interest.

3 Further complicating the apples-to-apples
4 comparison, there are many different forms of factoring
5 including recourse versus nonrecourse, notification versus
6 non-notification, single-invoice discounting,
7 receivable-management services, borrowing versus
8 non-borrowing, and each having its own pricing nuances.

9 We need clear regulation on how to comply. If my
10 attorneys can't figure out the chart to ensure compliance,
11 how can I be sure I'm complying? I urge that at a
12 minimum, a safe harbor provision for good faith attempts
13 and compliances included in the DBO's proposed
14 regulations.

15 Unless my attorneys can advise the Rosenthal
16 family that we can clearly comply with the regulation and
17 are not at risk for litigation trolls, we will have no
18 choice but to exit the lower end of the market and stop
19 providing loans to the very businesses that the regulation
20 is trying to protect. Thank you for your time and
21 consideration.

22 MS. DIBENDETTO: Thank you.

23 Up next, we have Scott Riehl.

24 MR. RIEHL: Hi. Thank you very much. And Jesse
25 and Charles, I want to give our best to the new

1 department, and for all the work we know you guys are
2 doing to promulgate these rules.

3 For those I haven't worked with, my name is
4 Scott Riehl. I am the vice president of State Affairs for
5 the Equipment Lease and Finance Association. I just
6 wanted to put a face on the comments that we put forth.

7 We represent the companies that own the airplanes
8 that lease to the airlines, that own the locomotives and
9 railway cars that they lease to the railroads, the
10 construction equipment and cranes that they lease to help
11 build the cities in California, the cargo ships and
12 containers that dock in San Diego and other parts of
13 California, and the software companies, just to name a
14 few.

15 We also represent the banks and finance companies
16 that finance the leasing of that equipment. What makes
17 our transactions different -- and it's something that I
18 understand and appreciate Senator Glazer understood, and I
19 believe the Department does as well -- is that every one
20 of our transactions, and all the transactions of our
21 companies, are business to business. Secondly, these
22 transactions are specifically guided and governed by the
23 UCCC, specifically Article 2(a). Lastly, I'll just say
24 that on an annual basis, we do -- the industry does about
25 \$148 billion a year in these types of equipment-lease

1 transactions.

2 We have filed our comments, and I believe that
3 Charles Cross with Wells Fargo will highlight a couple
4 aspects that we believe can strengthen the comments.
5 Again, we want to thank the Department and congratulate
6 your new formation and wish everyone the best. Thank you,
7 Cassandra.

8 MS. DIBENDETTO: Thank you.

9 Up next we have Charles Cross.

10 MR. CROSS: Thank you. Can you hear me okay?

11 MS. DIBENDETTO: Yes.

12 MR. CROSS: Thank you. We just wanted to get a
13 few specific points in no particular order of priority.
14 One of the references throughout the course of the
15 regulations is to accrued interest since the recipient's
16 last payment, and this appears in sections relating to
17 prepayments and the calculation of finance charges.

18 We think that the definition is a little bit too
19 limited because the accrued interest can occur and remain
20 outstanding for time periods for before the last payment
21 was received. So we just wanted to point out if we use
22 accrued interest since the last payment, you are
23 effectively deleting from the obligations of the borrower
24 accrued interest that accrued prior to the time of the
25 last payment but remains outstanding.

1 The second point I wanted to make was regarding
2 the time of extending a specific commercial financing
3 offer. We think the initial definition that was in the
4 prior drafted rights worked a little bit better because it
5 referred to communications at the time that the final
6 offer was made. The problem with the way this
7 definition has been revised, where it says that it has to
8 be at the time with a specific amount rate of price quoted
9 to the recipient, is that there is a lot of negotiation
10 that goes on between the provider and the recipient that
11 leads up to the point where a final offer may be made.

12 Technically, if we had to give a disclosure every
13 time a quote is given, i.e. we provide a price, the
14 customer gets back and says they want a different price
15 and confirms a payment amount. Every time we do that with
16 the regulations right now, it seems to say we have to make
17 a full disclosure every time that is done, as opposed to
18 waiting for the deal to be actually formed. And then when
19 we get to the final offer, i.e., the terms that the
20 parties have settled on, and giving a disclosure at the
21 time, we think makes a lot more sense.

22 It is administratively more easy for lenders to
23 comply with and it doesn't bury the customer in a lot of
24 disclosures that it will be using because it's not in the
25 interim when the final offer was provided.

1 Going along with that comment, we don't think it
2 makes an awful lot of sense to consider that a commercial
3 finance offering takes place when an amendment occurs,
4 that's because when an amendment occurs, it is usually at
5 the request of the customer. The deal is already made.
6 The customer isn't comparison shopping at that point, nor
7 asking for payment relief or changing payment, so it's not
8 like they're going out and seeing what their existing
9 legal obligation is compared to something that someone
10 else could give.

11 We would like to see the commercial finance offer
12 definition limited to the time the actual deal was entered
13 into as opposed to midterm changes. We don't think it
14 would be useful for the customer to have disclosures every
15 time -- for example, they request term extensions or
16 request a payment deferral for a couple of months. Again,
17 I think the regulations will require that as written right
18 now.

19 The third point I wanted to make is that we think
20 leasing and financing should be created the same as
21 asset-based lending and open-end credit in terms of the
22 use of approved credit limits or approved funding amounts.

23 Because just like those products that are
24 specifically authorized for approved credit limits and
25 funding amounts, these loan approvals can often be an

1 aggregate approval where we give the customer, say, a
2 million dollar approval, but it might be broken down into
3 \$200,000.00 or \$300,000.00 chunks to fit the customer that
4 is scheduled for delivery, and there might be a separate
5 lease entered into each time a takedown occurs, but it's
6 all underneath an aggregate approval that exceeds the
7 disclosure threshold.

8 We are looking for some clarification of the
9 disclosure threshold provisions so that leasing and
10 closed-in lending would be treated the same way as
11 asset-based lending in terms of the ability to use the
12 credit limits. That does it for my comments. Thank you.

13 MS. DIBENDETTO: Thank you.

14 Up next we have Natalie Pappas.

15 Natalie, I have no audio on you right now. We
16 will go back.

17 Up next, Katherine Fisher.

18 MS. FISHER: Thank you. And thank you for the
19 opportunity to share comments today regarding the
20 Department of Financial Protection and Innovations
21 Proposed Commercial Financing Disclosures. My name is
22 Kate Fisher. I'm here on behalf of the Commercial Finance
23 Coalition, a group of responsible finance companies that
24 provide capital to the small and medium-sized businesses
25 through innovative methods.

1 I am a partner at the Law Firm of Hudson Cook.
2 My legal practice focuses on helping providers or
3 consumers and commercial finance comply with state and
4 federal law. I represent both providers of small business
5 funding and companies that invest in and finance those
6 providers. Commercial Finance Coalition members offer
7 term loans and purchase of future receivables
8 transactions.

9 Over the past three years, its members have
10 provided roughly \$180 million in financing to small
11 businesses in California. The Commercial Finance
12 Coalition supports California's efforts to make business
13 financing more transparent. However, the Commercial
14 Finance Coalition opposes requiring an APR disclosure.

15 I've submitted written comments on behalf of the
16 Commercial Finance Coalition setting out our legal
17 analysis. And today, rather than go into a legal
18 analysis, I would like to discuss the practical problems
19 with operationalizing an APR disclosure. These
20 operational problems may stifle innovation and limit
21 opportunities for California businesses to obtain
22 badly-needed capital.

23 This is particularly the case for sales-based
24 finance transactions. Most providers of sales-based
25 finance are small business themselves. They agree with

1 providing meaningful cost disclosures, but they are very
2 concerned about their ability to provide and
3 operationalize an APR disclosure.

4 A sales-based finance transaction is really very
5 simple. After receiving financing, the business pays a
6 percentage of its sales up to an agreed maximum amount.
7 If the business's sales go up, the business's periodic
8 payment also goes up. If sales go down, the business's
9 periodic payments, accordingly, also go down. If that
10 business is burned down in a fire or closes because of
11 COVID-19, the business pays nothing until it can reopen
12 its doors.

13 This flexibility is the reason why providers of
14 sales-based financing cannot effectively operationalize an
15 APR disclosure. As one provider told me the State of
16 California would effectively require providers to guess
17 our way through this. Specifically, there are two
18 fundamental elements of APR. First is the term of the
19 transaction, and second, the amount of periodic payments.
20 Providers of sales-based finance will have to guess how
21 long the term of the transaction will be.

22 The assumption that one provider may make
23 regarding the length of the term may differ from the
24 assumption of another provider for the exact same
25 transaction. As a result, APR is not an effective

1 comparison tool for these transactions. Also, providers
2 will have to guess how much each periodic payment will be.

3 Then there are the guesses upon guesses in that
4 the APR disclosure requires a provider to estimate or
5 guess any reasonably anticipated true-up. A true-up
6 reflects whether the business's sales have increased or
7 decreased. This requires the provider to, in advance,
8 look at each business who has applied for financing and
9 guess whether at any point in the undetermined future that
10 business will make more or less money; therefore,
11 resulting in higher or lower periodic payments.

12 How would a provider operationalize this
13 requirement? Disclosing the total cost of capital as a
14 dollar amount is the most helpful disclosure when
15 comparing across products because there's no guesswork.
16 The alternative, the annualized cost of capital
17 disclosure, is far better than APR because it provides a
18 straightforward formula that enables providers of all
19 commercial financing products to make the same
20 assumptions. As a result, the annualized cost of capital
21 disclosure provides a true comparison of the cross
22 products.

23 The Commercial Finance Coalition appreciates your
24 efforts in drafting the proposed regulations, and they
25 respectfully request that the Department reconsider

1 requiring an APR disclosure in favor of a disclosure that
2 leaves out the guesswork. Thank you.

3 MS. DIBENDETTO: Thank you.

4 Up next we have Heidi Pickman.

5 MS. PICKMAN: Hello. My name Heidi Pickman, I am
6 with CAMEO, the California Association for Micro
7 Enterprise Opportunity. I appreciate this opportunity to
8 give public comments, and congratulate the team for the
9 great work they have been doing so far. And now we are
10 looking forward taking it over the finish line.

11 SB 1235, once again, proved that California is a
12 leader in closing a loophole in the law in order to
13 protect small businesses from misleading disclosure
14 practices that are basically degrading the small business
15 financing market. New York passed a small Truth and
16 Lending Act in July, and there is a federal version also
17 introduced into U.S. Congress this summer.

18 The importance of these disclosure rules is all
19 the more important today. It's no secret that small
20 businesses are suffering because of the COVID-19 pandemic.
21 I am sure everybody has read the news. We have seen
22 dramatic number of closures and record losses. And
23 unfortunately, the pain has not been equal across the
24 board.

25 African-American immigrant business owners

1 dropped by 41 and 36 percent more. That's almost two
2 times the overall rate of a 22 percent drop. There's a
3 lack of transparency that could be the difference between
4 survival and failure if a business ends up with a credit
5 product they can't afford or don't understand.

6 It's the transparency in small-business financing
7 that's really important to our communities of color. A
8 Federal Reserves Small Business Credit Survey that was
9 published in December -- so pre-COVID -- found that
10 minorities get smaller amounts of financing than they are
11 looking for as compared to white owners.

12 Minority-owned firms more frequently apply for
13 potentially higher costs and less transparent credit
14 products. Hispanic-owned firm applicants sought merchant
15 cash advance products more frequently than white-owned
16 businesses. That's 15 percent compared to eight percent,
17 so almost double. And same, black-owned businesses
18 applied more frequently compared to white-owned firm
19 applicants, seven percent to three percent respectively.
20 It's mostly because they lack access to capital elsewhere.

21 We used to talk about access to capital, now we
22 are talking about access to affordable capital. And for
23 business owners to know what's affordable, they need good
24 information. It's an Economics 101 principle that a
25 market needs full information for that market to be

1 competitive, and disclosure rules are only ensuring that
2 market competition. Finance companies that are willing to
3 play by the rules will compete on price or service or
4 other competitive factors.

5 Something else we learned in Econ 101, providing
6 better and more products for small -- that something
7 else -- providing better and more affordable products for
8 the small business owner. The market failures in small
9 business financing today come at a great cost in small
10 businesses in California's economy.

11 CAMEO is part of the Responsible Business Lending
12 Coalition, and we've estimated that SB 1235 implementation
13 could save 127,000 California small businesses somewhere
14 between \$1.5 billion to \$12 billion annually with a
15 disproportionate benefit to about 50,000 business owners
16 of color, and that could benefit 1.5 million employees and
17 has a potential to create up to 25,000 new local jobs. So
18 if small businesses are the canaries in the coal mine when
19 it comes to the economy, then the plight of
20 African-American small businesses show the state of our
21 soul.

22 If the State and country are going to weather
23 this crisis to the best of our ability, that means
24 protecting our small businesses is a priority, and
25 protecting African-American businesses is an imperative.

1 Thank you for all the work that you have done. And you
2 have gotten our comment letter that we agree with by the
3 Responsible Business Lending Collation, and that is all
4 for me.

5 MS. DIBENDETTO: Thank you very much.

6 Up next we are going to try Natalie again.

7 Unfortunately, Natalie is having a technical
8 issue.

9 Right now we will bring up Greg Hoover.

10 MR. HOOVER: Hello. My name is Greg Hoover,
11 general manager at Rabo AgriFinance. Our company provides
12 unique point-of-sale finance products for farmers so they
13 can purchase crop inputs such as seed, crop protection
14 products, and fertilizer from their local retailers at
15 attractive interest rates while delaying payments until
16 after crops are harvested.

17 These finance programs are typically sponsored by
18 a crop input manufacturer or retailer, and each tailored
19 to specific market needs, rates, and terms that benefit
20 participating farmers with improved cash flow below market
21 rates while providing reduced dealer or retailer accounts
22 receivable and increase sales for the program sponsors.

23 We'd like to call your attention to the comments
24 we submitted on October 28, 2020. A key issue we would
25 like further clarification on is an understanding that the

1 proposed rules do not apply to agricultural lenders. Our
2 crop input finance program does not fit neatly into any of
3 the defined categories covered by the proposed rule.

4 Given the nature of agricultural lending and the
5 terms of Rabo AgriFinance input finance program, the
6 protections of the proposed rule are unnecessarily to
7 protect borrowers. This is consistent with the California
8 Financing Law which excludes various types of agricultural
9 lending and lenders from the scope of the law.

10 Moreover, from a fairness standpoint, farm credit
11 system institutions are exempted by statute from the
12 requirements altogether, even though they offer similar
13 products and services to the same agricultural borrowers
14 as Rabo AgriFinance. This creates an uneven playing field
15 that could negatively impact the financing alternatives
16 and opportunities available to farmers and agricultural
17 retailers.

18 In order to preserve competitive quality
19 Rabo AgriFinance should be afforded the same treatment as
20 the farm credit system institution and exempted from the
21 rules as the organization serves similar agricultural
22 borrowers. An exemption would ensure Rabo AgriFinance
23 can continue providing California growers
24 highly-attractive interest rates and financing options to
25 efficiently and effectively produce their crops each year.

1 While we believe an exemption from the
2 Rabo AgriFinance input finance program is the best way to
3 promote competitive equality, at the very least, the
4 proposed rules need to be amended to even give
5 Rabo AgriFinance a chance to comply, as in their current
6 form, compliance is not possible.

7 Our October 28th comment letter contains a
8 thorough discussion of this concern. But to summarize the
9 proposed rules require upfront disclosure of various terms
10 like interest rate and payment deadlines; however, these
11 terms are not known at the time Rabo AgriFinance offers a
12 contract to a farmer. They necessarily depend on what
13 retailer program the farmer chooses to use. Those
14 retailer programs are not uniform. Their interest rates
15 and payment terms vary.

16 So unless the rules are amended to allow
17 Rabo AgriFinance input finance program to use sample
18 transactions in its disclosure form, Rabo AgriFinance will
19 not be able to comply with the rules and may have no
20 choice but to cease providing access to its input finance
21 program to California farmers, which would remove a
22 valuable market for agricultural retailers and
23 manufacturers, and put many farmers, particularly those
24 who do not own their own land, at a serious financial
25 risk. Thank you for your time and attention.

1 MS. DIBENDETTO: Thank you.

2 Up next we have Steve Denis.

3 MR. DENNISON: Hi, there. Can you hear me?

4 MS. DIBENDETTO: We can.

5 MR. DENIS: My name is Steve. I am the executive
6 director of the Small Business Finance Association. We
7 are an alternative trade finance association composed of
8 companies who offer commercial financing nationally and in
9 the State of California.

10 First, I want to thank the Commissioner and the
11 staff at the Department for their dedication to this
12 issue. We are deeply concerned by the proposed
13 regulations in their current form, but we do appreciate
14 your willingness to learn more about our industry.
15 Everyone participating in this hearing shares the same
16 goal, providing meaningful disclosure to business owners
17 in California.

18 In early 2018, we met with Senator Glazer about
19 SB 1235, and provided him a history and our view of APR
20 disclosure. Senator Glazer's intent was to create a
21 disclosure that can be used to compare the cost of capital
22 across product types and present it in a way that was
23 meaningful to business owners. Immediately, Senator
24 Glazer recognized the complexity of APR and its limited
25 value as a cost-comparison tool.

1 During the legislative process, he amended the
2 bill to remove the APR requirement and replace it with
3 annualized cost of capital, a metric that most individuals
4 think is an APR. Unfortunately, some industry
5 participants were opposed to the ACC concept because, as
6 they argued, the metric was untested. We respectfully
7 disagree.

8 ACC is a basic math calculation that is used in
9 finance every day. However, we do agree that the
10 Department should test any proposed metric before
11 implementation. After all, the intent of the law is to
12 provide meaningful disclosures that are easy to understand
13 and using terms and numbers that make sense to allow
14 merchants to make the best financial decisions for their
15 businesses.

16 In early 2019, Senator Bradford wrote to the DBO
17 asking them to do just that, test proposed disclosures
18 with actual merchants. This would follow the lead of
19 other major regulators, federal and state, and generally
20 just seems to make sense. We were encouraged when the DBO
21 decided to move forward with testing and released an RFP.

22 It was clear the DBO found testing to provide
23 value and considered it an important part of the
24 regulatory process. Unfortunately, the DBO never
25 conducted testing. Discouraged, the SBFA decided it was

1 important to test these disclosures with actual merchants.
2 We hired Clyman Research, a nationally-recognized firm and
3 experts in testing financial disclosures, to complete
4 focus-group testing in California. The full report can be
5 found on our website, SBFassociation.org.

6 There is also testing consistent with other
7 studies conducted on disclosures and, specifically, APR.
8 I want to share a few key findings that we hope to be
9 considered when the Department continues with
10 implementation of SB 1235. First, the testing clearly
11 shows that more information or over disclosure of terms is
12 confusing.

13 Participants performed more poorly with
14 disclosures that provided more information during
15 cognitive questioning. They were less able to identify
16 important details, and would commonly select a product
17 that was more expensive or have less-favorable terms.
18 Unfortunately, confusion is the intent of some industry
19 participants who use disclosures that are designed to be
20 confusing and distract customers from the price, the
21 terms, and who is actually making the financing offer.

22 Second, APR is confusing. Most people do not
23 understand it. Nearly all become more confused. Their
24 results have also been confirmed by studies conducted by
25 the CFPB and even the Australian Finance Industry

1 Association. In September 2018, the AFIA tested smart box
2 disclosure with participants in Australia. I don't
3 believe the study was ever publicly released. But when
4 asked which of the metrics that are disclosed in the smart
5 box are the most important, APR ranked 10 out of 12 behind
6 metrics like total cost and loan amount.

7 The AFIA studies recommended removing APR from
8 the disclosure altogether and replacing it with total
9 interest percentage, a similar metric proposed by Senator
10 Glazer. All studies on this topic, including the SBFA
11 study and work by the CFPB reached the same outcome, APR
12 isn't meaningful and causes confusion.

13 I encourage the Department and other industry
14 stakeholders to review our study to learn more about how
15 California businesses view disclosure. The study confirms
16 that APR does not provide an apples-to-apples comparison
17 as intended by SB 1235. APR is a flawed metric that is
18 confusing to business owners, and doesn't accurately
19 reflect the true cost of short-term, daily-paid products.

20 Moreover, the study finds that overall
21 comprehension of the disclosures is undercut when business
22 owners don't have the cognitive framework to understand
23 the complex construct. It is undercut further when they
24 are asked to use flawed understanding to make comparisons,
25 and ultimately, the best decision for their business.

1 We respectfully urge the Department to conduct
2 testing on any disclosure before implementation as they
3 intended. We believe testing will help the Department
4 satisfy the intent of SB 1235, which tasks the Department
5 to provide a meaningful annualized metric to California
6 business owners. We strongly believe actual California
7 businesses should have a voice in this process. Thanks.

8 MS. DIBENDETTO: Thank you, Steve.

9 Up next we have Scott Pearson.

10 MR. PEARSON: Okay. I think I have been trying
11 to unmute myself and you have been trying to unmute me,
12 and we've been muting and unmuting in sequence. Sorry
13 about that.

14 Thank you for the opportunity to speak today.
15 My name is Scott Pearson. I'm a partner with Manatt,
16 Phelps & Phillips in Los Angeles. I am here on behalf of
17 the Small Business Finance Association as their counsel.
18 You just heard from Steve Dennison about that, so I won't
19 repeat the description of what SBFA is.

20 We submitted a written comment letter on this
21 round. We have submitted a number of comment letters on
22 the prior rounds for these regulations, and want to thank
23 the Department for its careful consideration of those
24 letters. Clearly, the Department has been quite
25 thoughtful in listening to constituents, and we appreciate

1 that very much because every round of the regulations, in
2 our view, has been an improvement.

3 This is really important rulemaking. It's
4 important that we get this right. Small businesses are
5 really the engine of job creation. In California, they
6 are incredibly important in terms of taking care of all
7 people in California. It's important that we get this
8 right.

9 The initial statement of reasons acknowledge that
10 the regulations as proposed could potentially drive some
11 companies out of the California market. You have heard
12 from some of the other people testifying today that that
13 is a possibility, and if that happens, then we are going
14 to lose more jobs in California, and capital availability
15 will be reduced for small businesses in California as
16 well, which will lead to additional job losses.

17 I don't want to address any of the topics that
18 are in the comments letters. You have written comments.
19 I'm available if anyone wants to discuss those. But I do
20 want to bring to the Department's attention some
21 procedural matters which we think are important.

22 California, as you know, has a very strong
23 commitment to transparency and to open public hearings,
24 and we have some concerns about this hearing and the way
25 that the hearing was noticed. We think that the

1 Department ought to consider curing those issues by having
2 another hearing that's been noticed correctly.

3 First of all, there was only one week of notice
4 given for the hearing. It's very difficult for people to
5 schedule things only a week in advance. We think more
6 notice ought to be provided for a hearing in order to
7 comply with the statutory requirements.

8 Additionally, the distribution of the notice
9 appears to be incomplete, and it's not clear to me why
10 that's the case. I don't know if there is a technical
11 issue. I can tell you I did not receive the hearing
12 notice. I have submitted a whole bunch of comment letters
13 throughout this process and I have been pretty active.
14 And I have submitted requests for notice and I didn't get
15 the notice of this hearing. I didn't get a request for
16 comments on one of the prior rounds either.

17 I have spoken to a number of other people who
18 also have filed requests with the Department for
19 regulatory notices who have not receive the notices.
20 That's a problem for obvious reasons. If people aren't
21 given notice of the hearing, then they don't have an
22 opportunity to attend and present their views. We think
23 that that is something that really ought to be considered
24 and addressed.

25 Secondly, the initial statement of reasons

1 accompanying the proposed rules, among other things,
2 doesn't address reasonable alternatives or explain why
3 they were rejected. This isn't the first round of
4 commentary. There's been a lot of discussion in, you
5 know, all of these voluminous comment letters that have
6 been submitted over time.

7 Also, frankly, when the legislation was being
8 considered about alternatives, the most important example
9 being the annualized cost of capital as an alternative to
10 APR, the initial statement of reasons does not address
11 that at all. It doesn't summarize it or it doesn't
12 explain why it was rejected. That's only one of many
13 issues.

14 We've provided some other non-exhaustive examples
15 in our comment letter. We think it would be appropriate
16 for the Department to correct these issues now rather than
17 moving forward with a regulation that has problems. So
18 thank you very much for the opportunity to speak today.
19 Thank you for your careful consideration of everyone's
20 comments. And as indicated, I'm available in case anyone
21 would like to discuss anything. Thank you very much.

22 MS. DIBENDETTO: Thank you.

23 Up next we have Jan Owen.

24 MS. OWEN: Thank you, Cassandra. Good afternoon,
25 everyone. As many of you know, as the former commissioner

1 for the Department of Business Oversight, the process of
2 drafting these regulations started with the passage of
3 1235. I know everyone in the Department has been working
4 extremely hard on these issues. And now, as a member of
5 the public, I, again, want to thank you for your service
6 and your efforts, all of you.

7 I am representing today the Commercial Finance
8 Coalition. I will not repeat what you will or have heard
9 from others today, but we would like to know more about
10 the process of promulgating these regs. We understand
11 from the statement of reasons, that the Department did not
12 rely on any study results or any outside APR, APP, and
13 defended analysis.

14 I want the Department to understand that the
15 companies that belong to CFC are trying to get this right.
16 With that in mind, we need to know more about your
17 analysis, and that we understand what the Department's
18 goal and final analysis is. We are aware of public
19 comments provided by interested parties on the previous
20 proposed regs, but we also are interested in other
21 information gathered by the Department but not yet
22 publicly provided. Short and sweet today. Thank you
23 again for this opportunity. Please reach out to me should
24 you have any question or comments. Thank, Cassandra.

25 MS. DIBENDETTO: Thank you.

1 Up next we have Jesse Carlson.

2 MR. CARLSON: Good afternoon. My name is Jesse
3 Carlson. I'm the general counsel of Capatus. Capatus is
4 a provider of multi-financing across the country and in
5 California, and has been a CFL licensee since 2008. We
6 appreciate all the Department's work on the disclosure
7 regulations.

8 A great disclosure is something that we at
9 Capatus support and appreciate the efforts to do something
10 very difficult that has not been done before which is to
11 create a disclosure framework for small business
12 commercial financing. We have submitted comment letters
13 throughout the process, but we would like to emphasize
14 three critical points to implementing these regulations.

15 The first is that there is no safe harbor or even
16 mechanism to get input from the DBO, or its new name at
17 this time. We would appreciate a mechanism by which we
18 could review the disclosures, should the regulations pass
19 in the current form, such as that we can get input to make
20 sure we are complying and don't run to any issues when we
21 get into an examine there is a disagreement in terms of
22 how we have interpreted one part of the regulation or the
23 other.

24 In addition, there are two critical metrics to a
25 small business that we believe are not currently included

1 within the disclosure that are required. The first is
2 there is no separate line item for any fees charged by a
3 broker or a arranger of commercial financing. There are
4 industry participants who use brokers and include their
5 fees within the finance charge paying separately. We
6 believe that small businesses should know the amount being
7 paid to a broker to assist them in arranging the
8 financing.

9 Second, as we read in the regulations, there is
10 no clear disclosure of the total cost of the financing for
11 the small business. The total cost is something that's
12 calculable across all products as the ABL lenders have
13 mentioned, and as many of our product work. There is a
14 fixed finance charge, not a periodic rate that's charged,
15 such that what you see is what you get in terms of the
16 cost.

17 We would like to ensure that small businesses
18 understand that a product that may have a low nominal
19 rate, it may have a higher total cost given that the cost
20 is dependant on the term, such that a lower rate for a
21 longer term my be more expensive. And if the business can
22 afford a larger periodic payment, they will end up having
23 lower finance charges.

24 I will not repeat what is in our letter, nor
25 discuss the debate over APR. We stand ready to comply,

1 and would like the Departments assistance in ensuring that
2 our disclosures are accurate and consistent. We also
3 believe, as I mentioned, those two additional areas of
4 disclosure would greatly benefit small businesses. Thank
5 you very much for all your work on this. We are, of
6 course, available for any follow ups on our letters or our
7 comments here. Thank you.

8 MS. DIBENDETTO: Thank you.

9 Up next we have Alexis Shapiro.

10 MS. SHAPIRO: Good afternoon. My name is Alexis
11 Shapiro, and I'm the general counsel at Ford Financing.
12 Ford Financing is a financial technology company that
13 provides working capital to small and medium-sized
14 business across the country. I thank the DFPI for
15 affording us the opportunity to provide commentary on the
16 proposed regulations here today.

17 Since its founding in 2012, Ford Financing has
18 provided financing to more than 23,000 business with over
19 \$900 millions in capital to fund their operations.

20 California is home to one of Ford Financing
21 largest customer bases. Our small business customers are
22 often turned away by traditional banks due to a lack of
23 time in business, uneven revenue flow, or blemished
24 credit. As an alternative to traditional loans, we
25 provide our customers with what the proposed regulations

1 called sales-based financing.

2 Through sales-based financing, customers can
3 secure quick, upfront capital in exchange for a certain
4 percent of their future monthly revenues. Unlike with a
5 traditional loan, the primary benefit of sales-based
6 financing is that if our customer's revenue decrease, so
7 to do the required payments to us.

8 Ford Financing supports efforts to improve
9 transparency in the alternative financing industry. We
10 believe though that such disclosures should allow for
11 meaningful cost comparisons that small businesses can use
12 to better inform themselves. Traditional loans for which
13 APR was designed require unconditional repayments during a
14 fixed term that are not contingent upon the customer's
15 actual sales receipts. Thus, it is easier to calculate
16 and understand APR on that product.

17 Comparatively, sales-based finance differs from
18 traditional loans in that the repayment term length is not
19 set. If a company is experiencing financial troubles, it
20 will be afforded a longer time to submit its payments. We
21 have had many, many customers, especially during the
22 current pandemic, who's payments have been suspended or
23 drastically reduced, thereby lengthening their payment
24 remittance period.

25 Had we predicted an APR on their financing on

1 Day 1, in retrospect, it would have been misstated.
2 Moreover, implying or suggesting that there is a fixed
3 repayment period through an APR disclosure, will obscure
4 the products fails contingent repayment structure and
5 potentially confuse the customer into thinking they are
6 receiving a fixed-term loan when they are not.

7 The confusion and potential misinformation
8 flowing from an APR disclosure on sales-based financing
9 products would be a disservice to the small business that
10 we are all here today trying to the help.

11 It is worth repeating that a recent study
12 commissioned by the SBFA, which Mr. Dennison referred to
13 earlier in the hearing, indicated that the key metrics
14 small businesses consider is the total cost of financing.
15 In other words, these small business owners simply want to
16 known how much they will have to pay and when. APR will
17 not universally provide them with that information.

18 Moreover, if, in fact, APR is ultimately adopted
19 as a required metric, Section 3001(b) of the proposed
20 regulations as currently written may lead to substantial
21 litigation. Section 3001(b) specified that an APR
22 calculation will be considered inaccurate if it is more
23 than one-eighth of one percentage point above or below
24 current APR calculation.

25 In existing APR disclosure regimes, similarly

1 slim margins for error have led to severe penalties and
2 aggressive litigation resulting from noncompliance that is
3 neither intentional nor done in bad faith. Companies in
4 the past have been ordered to pay millions of dollars in
5 penalties for miscalculating APR by even one-tenth of a
6 percentage point.

7 Here, where there are so many estimates being fed
8 into the APR calculation, the potential for APR is to
9 ultimately turn out to be different than that originally
10 projected is high. In addition, Section 3003(a) of the
11 proposed regulations requires sales-based financing
12 providers in arriving at their APR calculation to account
13 for reasonably anticipated true-ups. Meaning, those
14 adjustments made to a customer payments as the revenue
15 fluctuates.

16 However, true-ups by the very nature, are not
17 able to be anticipated. If a customer experiences
18 extremely poor sales performance, for example, true-up
19 adjustments could result in a transaction that was
20 originally estimated to be completed in six months, to
21 actually take a year to receive full payment. In such a
22 scenario, the APR originally disclosed will have been
23 strikingly inaccurate providing fodder for plaintiff's
24 attorneys to file suit or for penalties to be imposed.

25 Sales-based financing providers should not have

1 to risk litigation for APR calculations that ultimately
2 prove inaccurate due to the funder's inability to
3 precisely predict the daily revenues of the small business
4 funds. Thank you again for the opportunity to provide our
5 views here today.

6 MS. DIBENDETTO: Thank you.

7 Up next we have Bianca Blonquist.

8 MS. BLONQUIST: Thank you. My name is Bianca. I
9 manage policy operations for Small Business Majority. We
10 are a 501(c)(3) nonprofit education and research
11 organization. We are not membership based; we educate
12 small business owners on how to navigate financial
13 services system safely and engage in third-party
14 independent polling and research.

15 I urge you to implement the proposed regulations
16 to promote transparency in lending, especially in light of
17 the positive economic impact these disclosures
18 requirements would have on California small business
19 owners, the marketplace, and the state economy as a whole.

20 I appreciate the comments that many of my
21 colleagues have already made for including APR is the only
22 way for small business owners to be able to fairly shop
23 for capital, and small business majority echos these
24 statements. Put frankly, APR is the only price metric
25 that enables apples-to-apples comparisons between

1 financing products of different types, different amounts,
2 and term lengths. And it is a familiar term to both
3 borrowers and financiers and has been vetted by over
4 50-plus years of the Truth and Lending Act.

5 We know that small business owners are often
6 confused about how to best make apples-to-apples
7 comparisons when shopping for credit. While all small
8 business owners would benefit from clear rules to play by,
9 those that are most underserved, minority-owned,
10 immigrant-owned, and smaller businesses, that
11 disproportionately apply for online financing, they would
12 benefit the most from the ability to comparison shop under
13 the new disclosures required.

14 Our scientific survey showed that 90 percent of
15 business owners want more transparency in the
16 alternative-lending marketplace. Currently, many of the
17 nonstandard terms like "simple interest rate" or "fee
18 rate" that are used, further confused small business
19 owners. The Federal Reserve recently released a report
20 that showed many small business owners thought that these
21 nonstandard terms were actually the APRs of these
22 products.

23 We recommend that any number described as "rate"
24 and "interest" should be APR and not these nonstandard
25 terms. We urge the APR be disclosed alongside those terms

1 to further increase transparency. Small business owners
2 deserve this transparency when shopping for capital. We
3 urge you to adopt these recommendations. Thank you.

4 MS. DIBENDETTO: Thank you.

5 Up next we have Vanessa Petty which is actually
6 Natalie Pappas.

7 MS. PAPPAS: Thank you. I apologize for that.
8 My microphone decided not to work today. My name is
9 Natalie Pappas, I am the assistant general counsel with
10 Rapid Finance. Rapid Finance provides commercial
11 financing to small businesses, and we are a licensed
12 lender and broker in the State of California.

13 Just briefly, I want to address some of the
14 material issues we think come along with the proposed
15 regulations that should be fixed in order to make these
16 regulation disclosures useful for small businesses. In
17 regards to the timing issue, I would just like to touch
18 base a little bit on what Mr. Cross stated earlier.

19 The disclosures are provided very early on in the
20 process. This is typically not how this is handled. In
21 most laws, especially in the Truth and Lending Act,
22 typically the disclosure is provided only once there is a
23 product consummation of the transaction. Basically, right
24 now, any type of information the we obtain about a
25 business, whether it is just a name and address, and they

1 want some type of general quote or amount, we would have
2 to provide that closure with terms that are unknown
3 because we have some type of information about the
4 business.

5 This will require disclosures early on and the
6 process of repeat disclosures down the line once more
7 information is provided to the provider from the small
8 business. And also, businesses like to consider numerous
9 products and negotiate terms. This means that the
10 business was considering two types of products to
11 determine between a sales-based financing transaction or a
12 loan, and they want to see three different terms for each
13 one of those.

14 They are going to be receiving over 15 pages'
15 worth of disclosures, and that's just from one provider.
16 A lot of the small businesses -- this is for an
17 apples-to-apples comparison, they are looking at different
18 providers to see the different types of, you know, quotes
19 they might get. So they are looking at three different
20 providers, both types of financing, and multiple terms.
21 They could be potentially be getting over 50 pages of
22 disclosures initially at the outset. So that's just, you
23 know -- that just goes into the timing of the amount of
24 disclosures that they would be receiving.

25 And also, once again, in the event that the --

1 after funding has occurred, any time that there is a
2 potential to fault or reduction of price, there is no
3 reason to give a re-disclosure unless there is a
4 refinancing which is defined under TLA.

5 And then regarding to the signatures. The
6 business should only be required to sign the disclosure
7 that is going to correlate with the financing they
8 receive. Some businesses might not want to sign multiple
9 disclosures because they might think these are the terms
10 of the contract and they may be bound by that term even if
11 they don't want it.

12 The other item we would request be implemented
13 is what happens if the provider gives the disclosure but
14 the business refuses to sign the disclosure, but the
15 business still wants to proceed with financing? What
16 would happen in that situation? This is also why the TLA
17 does not require signatures on disclosures.

18 And then just briefly some of the issues when we
19 looked over this. When it comes to formatting the actual
20 disclosure, we request some type of safe harbor form as
21 TLA does. This is something that the providers are able
22 to use. And just some more guidance as to whether or not
23 the sales and disclosures should be outlined, the types of
24 width.

25 Some providers might make the width of the

1 disclosures very narrow for it to go multiple pages and
2 potentially confuse small businesses. And also, whether
3 or not the percent of the dollar amounts of the financing
4 should be presented numerically or not. You could
5 technically write out the disclosure and try to hide the
6 actual calculation and how much the financing is going to
7 be.

8 Also, along with providing more standardized
9 disclosures so it's more uniform from to provider to
10 provider for an apples-to-apples comparison as well as,
11 you know, it helps keeps things consistent. And regarding
12 some of the specific disclosures for the net funding
13 amount. We are not opposed to the net funding amount;
14 however, with that being the first metric, that could
15 potentially confuse small businesses where they think
16 that's their financing amount and not the net amount.

17 We would suggest the financing amount be the
18 first amount and the net funding amount be second, as well
19 as any of the itemization of the net funding amount be
20 removed from the disclosure box and put it underneath.
21 This follows TLA, as TLA requires itemizations to be
22 provided outside of the TLA box.

23 We also request the prepayment language follow
24 TLA, and simply state whether or not there is a prepayment
25 and not an explanation, to avoid confusion. One more just

1 being the monthly cost. A lot of these products are daily
2 or weekly payments, so having to provide an estimated
3 monthly or monthly cost can only diffuse and detract from
4 the actual cost of the financing. Also, this is not
5 permitted under SB 1235, and not one of the disclosures
6 Senator Glazer had included on any of his forms.

7 In regards to calculation of APR, since TLA has a
8 specific APR calculation for open-end credit, we would
9 suggest that the APR for open-end products under the
10 proposed regulations be calculated in accordance with
11 TLA's open-end section.

12 MS. DIBENDETTO: That is your time.

13 MS. PAPPAS: Thank you very much.

14 MS. DIBENDETTO: Up next we have Gilberto
15 Mendoza.

16 MR. MENDOZA: Hi. My name is Gilberto Mendoza
17 and I am senior policy advocate at Axiom Opportunity Fund
18 or AOF. AOF is a nonprofit financial institution founded
19 in 1994, that drives economic mobility by delivering
20 affordable capital in response to entrepreneurs. We
21 achieve our mission by providing micro and small business
22 loans ranging from \$2,600.00 to \$250,000.00, with a
23 particular focus on low and moderate-income entrepreneurs,
24 minority, and women-owned businesses.

25 Small businesses seeking finance from AOF are

1 informed about the true cost of capital through an APR
2 disclosure. We don't provide any financing above 30
3 percent APR, and the vast majority of our financing has
4 even lower APRs.

5 Our loans provide disadvantage entrepreneurs
6 access to affordable credit to grow a business, support
7 themselves and their families, create and maintain jobs,
8 and generate economic activity in their neighborhood. AOF
9 is a founding member of the Responsible Business Lending
10 Coalition and worked closely with Senator Glazer to pass
11 SB 1235 in 2018, and has worked with the Department
12 throughout the rulemaking process. So thank you for
13 allowing me to give brief remarks on the importance of
14 APR.

15 So why is APR important? First, we commend the
16 Department for continuing to anchor the proposed rules
17 around APR an the annualized rate required by SB 1235. As
18 the Department has recognized, and ALS and RBLC have
19 advocated for years, APR is the only established metric
20 that enables uniform comparison of the cost of capital
21 over time in between products of different dollar amounts
22 and term life.

23 APR is a time-tested rate that people know and
24 expect because it is the legally required status of
25 mortgages, auto loans, credit cards, student loans, and

1 personal loans including short-term loans. As stated on
2 the website, APR is the standard weight to compare how
3 much loans cost and lets you compare the cost of loan
4 products on an apples-to-apples basis.

5 AOF conducted a study that offers a
6 first-of-its-kind analysis of loans and cash advances
7 being offered to small businesses by short-term, high-cost
8 alternative lenders. Using the information provided to us
9 by borrowers who financed their high-cost product with us,
10 we found that the average APR in products provided by
11 alternative lenders was 94 percent and ranged as high as
12 358 percent without those APRs never having been disclosed
13 to the borrowers.

14 As you know, this market of alternative lenders
15 occurs largely outside of government regulations because
16 many lenders having short-term, high-cost financing
17 products that do more harm than good. This is why we need
18 to implement strong commercial financing disclosures. We
19 recognize that disclosures of APR are criticized by some,
20 it is generally by financing companies that charge high
21 APRs and do not disclose them to the customers.

22 It is a point of concern that disclosure
23 generally selling this type of financing, that the Federal
24 Reserve research has specifically described as a
25 potentially higher costs and less-than-fair credit

1 products. Some of these companies opposing to amend
2 disclosure APR argue that it cannot be calculated. The
3 facts is, many financing companies, including MCAs,
4 already do calculate and disclose APR.

5 Additionally, all commercial financing companies
6 operating in the State of New York will soon be required
7 by law to disclose APR. As you heard earlier, there have
8 been some studies claiming that APR is not helpful. No
9 surprise, these studies have been bankrolled by companies
10 who charge high APRs, and their claims have been disputed
11 by reputable sources.

12 The value to disband APR disclosure and small
13 business financing has been acknowledged in broad
14 consensus including multiple studies published by the
15 Federal Reserve, the Department of Business Oversight, and
16 market monitoring activities dating as far back as 2015.
17 The Federal Reserve Board of governors Community Advisory
18 Council, the Conference of State Banks supervisors
19 initialed by the Advisory Panel, the 110-plus industry and
20 nonprofit signatories and endorsers of the RBLC, Small
21 Business Bar Bill of Rights, by a dozen member companies
22 of the Innovative Lending Platform Association, and many
23 reputable and recognized national banks.

24 Through these rules, the Department can establish
25 a framework for APR disclosure that can be followed by

1 financing providers who did not disclose their APRs so
2 that small businesses can make fully-informed decisions
3 about the financing, about what financing is right for
4 them.

5 We urge you to improve the rules by including
6 reporting the DFPI for providers using the underwriting
7 method of estimating self-projection. This is critical.
8 Thank you for your work to support the small business
9 owners' ability to comparison shop for capital in an
10 apples-to-apples manners allowing them the opportunity to
11 make informed decisions regarding the finances they
12 undertake. Thank you.

13 MS. DIBENDETTO: Thank you.

14 Up next, Louis Cadizpech.

15 MR. CADIZPECH: Thank you. I am Louis Cadizpech,
16 director of public policy at Lending Club, which is
17 American's largest online credit marketplace. We have
18 facilitated over \$60 billion in loans, and we are also
19 proud to be a member of the Responsible Business Lending
20 Coalition, which is noted by some other members of this
21 coalition, is a group representing over 500 lenders and
22 nonprofits and chambers of commerce and community groups
23 and civil right groups that worked together to inspire and
24 help pass SB 1235.

25 I'm very grateful to the dedication the DFPI in

1 understanding this market and working to write these
2 rules. I would also like to congratulate the Department
3 on its expansion from the DBO to the DFPI, and similarly
4 congratulate the people of California and all the folks
5 that helped work so hard to support the passage of that
6 new law.

7 We share the view of the RBLC Coalition that
8 these rules are very good, but without certain
9 improvements, they won't achieve the needed transparency.
10 And, specifically, I'm going to speak to one improvement
11 that we feel is very important and necessary, that
12 Gilberto just mentioned, which is that there needs to be a
13 small change to prevent sales-based financing providers
14 from being able to lowball the disclosed payment amounts
15 and APRs.

16 This also speaks to a concern that was raised
17 earlier by Gary from State Financial. So to solve that
18 problem, the modification that's needed is for sales-based
19 financing companies that are electing to use the
20 underwriting method to include disclosures to the DFPI
21 about the perspective and then retrospective estimations.

22 I'll speak to that in more detail for just a
23 minute. So the sales-based financing products require
24 some estimation, as folks have noted, for the payment
25 amount and term and APR that is disclosed. That

1 estimation is for the projected sales of the business.

2 The rules widely provide two different methods
3 for that estimation, a very prescribed method designed
4 not to be gamed, and a flexible method, the underwriting
5 method. We really support this inclusion of this flexible
6 method. We think it's the right thing for the industry
7 which will sometimes have a better way of doing these
8 estimations.

9 However, as written, that flexible method is not
10 paired with sufficient accountability to prevent its
11 abuse. If there is a reliance on self-policing with no
12 accountability, that flexibility will be abused in the way
13 that Carry referenced. Additionally, the Department,
14 without reporting, will have no ability to understand how
15 to improve the rules which speaks to some of the concerns
16 that others have raised about tolerance, thresholds for
17 accuracy, and so on.

18 There's three reasons why DFPI can and should
19 reconsider including that reporting. Number one, the new
20 AB 1864, the CCPL which expanded the DBO into the DFPI,
21 specifically grants the Department, as you know, new
22 authority to require reporting on commercial financing
23 through rulemaking. It says, "Rulemaking may include data
24 collection and reporting on the provision of commercial
25 financing or other products and services."

1 Second, this reporting is already being required
2 in New York, the Small Business Truth and Lending Law
3 there. So financing companies operating in New York will
4 readily have this data on hand. Even California, they
5 should have this data on hand already because the rules as
6 proposed require this data be calculated and held
7 internally, so it shouldn't be too much of a burden for
8 financing companies to also share it with DFPI.

9 Similarly, it shouldn't be too much of a burden
10 for DFPI to ingest that information through the existing
11 reporting channels, and that's very much in support of the
12 market monitoring function that has been just been
13 reinforced as one of the core activities of the DFPI.
14 That one change is very critical for preventing lowballing
15 of the payment amounts and APRs for certain types of
16 financing products.

17 If I have the time, I'll also speak quickly to
18 our view as a financing provider on compliance costs. We
19 also offer personal consumer credit, we are used to
20 complying with TLA. We don't find TLA compliance to be
21 something that is, sort of, a difference, in kind,
22 relative to the other disclosure, put together with the
23 compliance that we are already doing.

24 So all the financing companies active in
25 California we're used to complying with ECOA, FECRA, UDAP,

1 TSPA, Service Members Civil Relief Act --

2 MS. DIBENDETTO: That is your time.

3 MR. CADIZPECH: Thank you very much. I really
4 appreciate the opportunity to speak. Thank you.

5 MS. DIBENDETTO: Thank you. And at this time, we
6 don't have anyone else in queue. If anyone would like to
7 speak at this time, please raise your hand or message me
8 in the chat.

9 Mr. Namazie, I see your hand is up. We are only
10 allowing one comment per person. At this time, I will
11 refer to Jesse.

12 Are you there?

13 MR. MATTSON: Yes, I'm here.

14 MS. DIBENDETTO: Mr. Namazie has asked for
15 another comment period. My instructions were one comment
16 per person during this time.

17 MR. MATTSON: Correct. Unfortunately, only one
18 comment per person.

19 MS. DIBENDETTO: Thank you.

20 If there are no other comments at this time, I am
21 going to turn this back over to Jesse Mattson.

22 MR. MATTSON: Hi, everyone. I just want to thank
23 everyone who commented today. We will leave the meeting
24 open for another 10 minutes or so to make sure everyone
25 has had a chance to comment. Like I said earlier, we are

1 going to be accepting any kind of written comments that
2 you want to submit until 4:00 p.m. today, after that time,
3 we will take all the comments we have received as well as
4 all the oral comments we received today and begin our
5 evaluation of those.

6 Hopefully, we will get back to you in the near
7 future with how we are planning to respond to those or if
8 any changes are necessary. Again, thank you very much for
9 all your comments today, and we we'll wait here for about
10 10 minutes to see if anyone else joins and has an
11 opportunity to speak; otherwise, we look forward to
12 hearing from you again in the future.

13 (Pause in the proceedings)

14 MS. DIBENDETTO: Thank you very much. We will
15 adjourn this meeting.

16 (Proceedings adjourned at 2:30 p.m.)

17
18
19
20
21
22
23
24
25

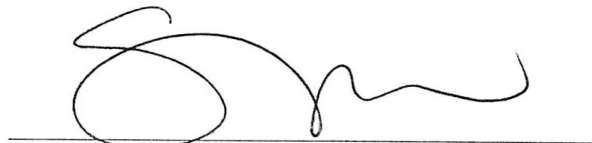
1 HEARING REPORTER'S CERTIFICATE

2
3 I, Shelby K. Maaske, Hearing Reporter in and for
4 the State of California, do hereby certify:

5 That the foregoing transcript of proceedings was
6 taken before me at the time and place set forth, that the
7 testimony and proceedings were reported stenographically
8 by me and later transcribed by computer-aided
9 transcription under my direction and supervision, that the
10 foregoing is a true record of the testimony and
11 proceedings taken at that time.

12 I further certify that I am in no way interested
13 in the outcome of said action.

14 I have hereunto subscribed my name this 30th day
15 of November, 2020.

16
17 

18 _____
19 Shelby Maaske,
20 Hearing Reporter
21
22
23
24
25

<hr/> \$ <hr/>	1938 13:7	36 3:16 24:1	<hr/> A <hr/>
\$1.5 25:14	1967 5:23	38 3:17	AB 56:20
\$12 25:14	1994 50:19	<hr/> 4 <hr/>	ability 6:13 19:11 21:2 25:23 45:12 54:9 56:14
\$148 15:25	1995 5:24	40 3:18 7:9	ABL 5:23 6:1,3 7:7 8:7 39:12
\$180 20:10	1:00 2:16 4:2	41 24:1	abuse 56:11
\$2,600.00 50:22	<hr/> 2 <hr/>	44 3:19	abused 56:12
\$200,000.00 19:3	2(a) 15:23	46 3:20	ACC 30:5,8
\$250,000.00 50:22	2000 6:8	4:00 5:6,11 59:2	accept 5:13
\$300,000.00 19:3	2008 38:5	<hr/> 5 <hr/>	accepting 5:8 59:1
\$60 8:25 54:18	2012 40:17	5 3:6	access 9:14,17 24:20,21,22 28:20 51:6
\$900 40:19	2015 53:16	50 3:21 47:21	accompanying 36:1
\$950.00 10:22	2018 29:18 32:1 51:11	50,000 25:15	accordance 50:10
<hr/> 1 <hr/>	2019 30:16	50-plus 45:4	account 6:8,9 10:13 12:4,19 43:12
1 42:1	2020 2:18 4:1 26:24	500 54:21	accountability 56:10,12
1.5 25:16	22 24:2	501(c)(3) 44:10	accountant 13:17
10 32:5 58:24 59:10	23 3:12 6:10	53 5:25	accounts 26:21
101 24:24 25:5	23,000 40:18	54 3:22	accrued 16:15, 19,22,24
11 13:10	25 9:1	<hr/> 6 <hr/>	accuracy 56:17
110-plus 53:19	25,000 25:17	60 11:9	accurate 40:2
12 6:12 32:5	26 3:13	60-day 11:6,10	accurately 32:18
1235 9:24 23:11 25:12 29:19 31:10 32:17 33:4 37:3 50:5 51:11,17 54:24	28 26:24	<hr/> 7 <hr/>	achieve 50:21 55:9
127,000 25:13	28th 28:7	76-year-old 8:20	acknowledge 34:9
13 3:8	29 3:14	<hr/> 8 <hr/>	acknowledged 53:13
14 3:9	2:30 2:17 59:16	8 3:7	
15 24:16 47:14	<hr/> 3 <hr/>	<hr/> 9 <hr/>	
16 3:10	30 11:6,8,11 13:10 51:2	9 2:18 4:1	
18 13:8	3000 10:24 11:5,9	90 45:14	
1864 56:20	3001(b) 42:19,21	94 52:11	
19 3:11 6:9	3003(a) 43:10		
	33 3:15		
	358 52:12		

Act 23:16 45:4
46:21 58:1

active 35:13
57:24

activities 53:16
57:13

activity 51:8

actual 11:3 18:12
30:18 31:1 33:6
41:15 48:19 49:6
50:4

addition 38:24
43:10

additional 34:16
40:3

Additionally 35:8
53:5 56:13

address 5:10
34:17 36:2,10
46:13,25

addressed 35:24

adjourn 59:15

adjourned 59:16

adjustments
43:14,19

administratively
17:22

adopt 46:3

adopted 42:18

adopts 6:19

advance 7:9 12:2,
5,9 22:7 24:15
35:5

advanced 10:21

advances 7:20
52:6

advise 14:15

advisors 13:16

Advisory 53:17,
19

advocate 50:17

advocated 51:19

aerospace 6:2

Affairs 15:4

afford 24:5 39:22

affordable 24:22,
23 25:7 50:20
51:6

afforded 27:19
41:20

affording 40:15

AFIA 32:1,7

**African-
american** 23:25
25:20,25

afternoon 36:24
38:2 40:10

aggregate 19:1,6

aggressive 43:2

agree 13:23 20:25
26:2 30:9

agreed 21:6

agreement 7:10

agricultural 27:1,
4,8,13,16,21
28:22

Agrifinance
26:11 27:5,14,19,
22 28:2,5,11,17,
18

airlines 15:8

airplanes 15:7

Alexis 3:18 40:9,
10

aligned 9:8

allowing 13:1
51:13 54:10 58:10

alongside 45:25

ALS 51:18

alternative 22:16
29:7 36:9 40:24
41:9 52:8,11,14

**alternative-
lending** 45:16

alternatives
27:15 36:2,8

altogether 27:12
32:8

amend 53:1

amended 8:9
28:4,16 30:1

amendment
18:3,4

American's
54:17

amount 7:19
10:15 12:5,11
17:8,15 21:6,19
22:14 32:6 39:6
47:1,23 49:13,16,
17,18,19 55:25

amounts 18:22,
25 24:10 45:1
49:3 51:21 55:14
57:15

analysis 20:17,18
37:13,17,18 52:6

anchor 51:16

Angeles 8:14
33:16

annual 10:10
15:24

annualize 11:7

annualized
22:16,20 30:3
33:5 36:9 51:17

annually 25:14

anticipated 22:5
43:13,17

AOF 50:18,25
51:8 52:5

apologize 46:7

APP 37:12

APPEARANCES
3:1

appears 16:16
35:9

apples-to-apples
7:5 13:25 14:3
32:16 44:25 45:6
47:17 49:10 52:4
54:10

applicable 8:18

applicants 24:14,
19

application 4:19

applied 12:12
22:8 24:18

apply 24:12 27:1
45:11

applying 11:5

appreciates
22:23

approval 19:1,2,6

approvals 18:25

approved 18:22,
24

APR 7:22 10:25
11:9,11,13,15
12:3,4,8 20:14,19
21:3,15,18,25
22:4,17 23:1
29:19,24 30:2,4
31:7,22 32:5,7,11,
16,17 36:10 37:12
39:25 41:13,16,25
42:3,8,16,18,21,
24,25 43:5,8,12,
22 44:1,21,24
45:24,25 50:7,8,9
51:1,3,14,15,17,
19,23 52:2,10,19
53:2,4,7,8,12,25
55:25

APRS 45:21 51:4
52:12,21 53:10
54:1 55:15 57:15

areas 40:3

argue 53:2

- argued** 30:6
arranger 39:3
arranging 39:7
arriving 43:12
Article 15:23
aspects 16:4
asset-based
8:16,21,25 10:8
11:24 12:6,16,19
13:11 18:21 19:11
assist 39:7
assistance 40:1
assistant 46:9
association 8:21
15:5 23:6 29:6,7
32:1 33:17 53:22
assume 10:19
assumed 12:1,5,
11
assumption 8:1
21:22,24
assumptions
7:19,22,23,25 8:3
12:9,17 13:25
22:20
attempts 14:12
attend 35:22
attention 26:23
28:25 34:20
attorney 4:9
13:17
attorneys 14:10,
15 43:24
attractive 26:15
audio 19:15
Australia 32:2
Australian 31:25
authority 56:22
authorized 18:24
- auto** 51:25
availability 34:14
average 6:7 9:2
52:10
avoid 49:25
aware 37:18
awful 18:2
Axiom 50:17
-
- B**
-
- back** 17:14 19:16
53:16 58:21 59:6
bad 43:3
badly-needed
20:22
balance 7:13
balances 7:20
banker 13:17
bankrolled 53:9
banks 15:15
40:22 53:18,23
Bar 53:21
base 46:18
based 8:4 10:22,
25 11:2,3,10
44:11
bases 40:21
basic 30:8
basically 23:14
46:23
basis 15:24 52:4
begin 4:13 59:4
behalf 8:19 19:22
20:15 33:16
believed 6:15
belong 37:15
benefit 25:15,16
26:19 40:4 41:5
45:8,12
Bianca 3:19 44:7,
8
bill 30:2 53:21
billion 9:1 15:25
25:14 54:18
bit 16:18 17:4
46:18
black-owned
24:17
blemished 40:23
Blonquist 3:19
44:7,8
board 6:18 23:24
53:17
borrower 7:15,17
16:23
borrower's 8:4,8
borrowers 6:5,17
8:10 27:7,13,22
45:3 52:9,13
borrowing 14:7
borrows 8:7
bound 48:10
box 10:3 32:1,5
49:20,22
Bradford 30:16
Breuer 3:8 12:25
13:1,2
briefly 46:13
48:18
bring 26:9 34:20
broad 53:13
broken 19:2
broker 39:3,7
46:12
brokers 39:4
build 15:11
bunch 35:12
- burden** 57:7,9
burned 21:10
bury 17:23
business 6:1,4
8:5 9:21 10:14,21
11:19 13:6,21
14:1 15:21 20:4,
12,25 21:5,10,11
22:8,10 23:14,25
24:4,8,23 25:8,9,
11,15 26:3 29:6,
16,23 32:18,21,25
33:6,17 37:1
38:11,25 39:11,21
40:14,18,21,23
42:9,15 44:3,9,12,
18,22,23 45:5,8,
15,18,20 46:1,25
47:4,8,10 48:6,14,
15 50:21 51:6,9
53:13,15,21 54:8,
19 56:1 57:2
business's 21:7,
8 22:6
businesses 6:2
9:4,9,11,12,13,20
11:20 13:20,22
14:19 19:24
20:11,21 23:13,20
24:16,17 25:10,
13,18,20,24,25
30:15 32:15 33:7
34:4,15 39:6,17
40:4 41:11 42:14
45:10 46:11,16
47:8,16 48:8 49:2,
15 50:24,25 52:7
54:2
-
- C**
-
- Cadizpech** 3:22
54:14,15 58:3
calculable 39:12
calculate 12:4,8
41:15 53:4
calculated 50:10
53:2 57:6

- calculation** 12:17
16:17 30:8 42:22,
24 43:8,12 49:6
50:7,8
- calculations** 44:1
- California** 5:23
6:2,3 8:7,10 9:1,4
13:4,8 15:11,13
20:11,21 21:16
23:6,11 25:13
27:7,23 28:21
29:9,17 31:4
32:15 33:5,6 34:5,
7,11,14,15,22
38:5 40:20 44:18
46:12 55:4 57:4,
25
- California's**
20:12 25:10
- call** 4:20 26:23
- called** 41:1
- CAMEO** 23:6
25:11
- canaries** 25:18
- Capatus** 38:3,9
- capital** 9:17 11:19
19:24 20:22
22:13,16,20
24:20,21,22 29:21
30:3 34:14 36:9
40:13,19 41:3
44:23 46:2 50:20
51:1,20 54:9
- cards** 51:25
- care** 34:6
- careful** 33:23
36:19
- cargo** 15:11
- Carlson** 3:17
38:1,2,3
- Carry** 56:13
- cars** 15:9
- case** 11:2 20:23
35:10 36:20
- cash** 24:15 26:20
52:6
- Cassandra** 3:3
4:10 16:7 36:24
37:24
- categories** 27:3
- CCPL** 56:20
- cease** 28:20
- CFC** 37:15
- CFL** 5:23 38:5
- CFPB** 31:25 32:11
- chambers** 54:22
- chance** 4:22 5:7
28:5 58:25
- change** 55:13
57:14
- changing** 18:7
- channels** 57:11
- character** 10:16
- charge** 39:5,14
52:20 53:10
- charged** 39:2,14
- charges** 16:17
39:23
- Charles** 3:10
14:25 16:3,9
- chart** 14:10
- chat** 58:8
- cheapest** 11:18
- choice** 14:18
28:20
- chooses** 28:13
- chucks** 19:3
- cities** 15:11
- civil** 54:23 58:1
- claiming** 53:8
- claims** 53:10
- clarification** 19:8
26:25
- Clause** 11:5,9
- clear** 9:23 14:9
30:22 35:9 39:10
45:8
- client** 13:14,18
- clients** 6:10,14
13:15
- closed-in** 19:10
- closely** 51:10
- closes** 21:10
- closing** 23:12
- closure** 47:2
- closures** 23:22
- Club** 54:16
- Clyman** 31:2
- coal** 25:18
- coalition** 19:23
20:6,12,14,16
22:23 25:12 37:8
51:10 54:20,21
55:7
- cognitive** 31:15
32:22
- collateral** 7:20
- Collation** 26:3
- colleagues** 44:21
- collect** 7:9
- collection** 12:11
56:24
- collections** 7:19
- color** 24:7 25:16
- column** 10:6
- commencing**
2:16
- commend** 51:15
- comment** 18:1
26:2 28:7 33:20,
21 35:12 36:5,15
38:12 58:10,15,
18,25
- commentary**
4:13 36:4 40:15
- commented**
58:23
- comments** 4:23
5:9,12,15,20 6:21
7:3,4 15:6 16:2,4
19:12,19 20:15
23:8 26:23 34:18
35:16 36:20
37:19,24 40:7
44:20 58:20 59:1,
3,4,9
- commerce** 54:22
- commercial** 2:6
4:8,14 9:11,14
10:2 13:6,9 17:2
18:2,11 19:21,22
20:3,6,11,13,16
22:19,23 29:8
37:7 38:12 39:3
46:10 52:18 53:5
56:22,24
- Commission** 7:4
- commissioned**
42:12
- commissioner**
29:10 36:25
- commitment**
34:23
- common** 7:21
- commonly** 31:16
- communications**
17:5
- communities**
24:7
- community**
53:17 54:22
- companies** 8:17
15:7,13,15,21
19:23 20:5 25:2
29:8 34:11 37:15
43:3 52:20 53:1,3,
5,9,21 55:19 57:3,
8,24

- company** 13:6
26:11 40:12 41:19
- Comparatively**
41:17
- compare** 29:21
52:2,3
- compared** 18:9
24:11,16,18
- comparing** 22:15
- comparison** 7:6
13:25 14:1,4 18:6
22:1,21 32:16
45:12 47:17 49:10
51:20 54:9
- comparisons**
13:24 32:24 41:11
44:25 45:7
- compete** 25:3
- competition** 25:2
- competitive** 25:1,
4 27:18 28:3
- complete** 31:3
- completed** 43:20
- completing** 7:3
- complex** 32:23
- complexity** 29:24
- compliance**
14:10 28:6 57:18,
20,23
- compliances**
14:13
- complicating**
14:3
- complied** 10:1
- comply** 14:9,16
17:23 20:3 28:5,
19 35:7 39:25
- complying** 14:11
38:20 57:20,25
- composed** 29:7
- comprehension**
32:21
- concept** 30:5
- concern** 28:8
52:22 55:16
- concerned** 21:2
29:12
- concerns** 34:24
56:15
- concluding** 2:17
- conduct** 33:1
- conducted** 30:25
31:7,24 52:5
- Conference**
53:18
- confirmed** 31:24
- confirms** 17:15
32:15
- confuse** 42:5
49:2,15
- confused** 31:23
45:6,18
- confusing** 11:16
31:12,20,22 32:18
- confusion** 31:18
32:12 42:7 49:25
- congratulate**
16:5 23:8 55:2,4
- Congress** 23:17
- consensus** 53:14
- consideration**
14:21 33:23 36:19
- considered**
30:23 31:9 35:23
36:8 42:22
- consistent** 27:7
31:6 40:2 49:11
- constituents**
33:25
- construct** 32:23
- construction**
15:10
- consumer** 8:17
57:19
- consumers** 20:3
- consummation**
46:23
- containers** 15:12
- contingent** 41:14
42:4
- continue** 9:14
27:23
- continues** 31:9
- continuing** 51:16
- contract** 7:14
28:12 48:10
- Cook** 20:1
- core** 57:13
- corporate** 13:7
- Corporation** 5:22
- correct** 36:16
58:17
- correctly** 35:2
- correlate** 48:7
- cost** 7:16 11:14
21:1 22:13,16,20
25:9 29:21 30:3
32:6,19 36:9
39:10,11,16,19
41:11 42:14 50:1,
3,4 51:1,20 52:3
- cost-comparison**
29:25
- costs** 7:8 24:13
52:25 57:18
- Council** 53:18
- counsel** 3:2 33:17
38:3 40:11 46:9
- country** 25:22
38:4 40:14
- couple** 16:3 18:16
- covered** 27:3
- COVID-19** 21:11
23:20
- cranes** 15:10
- create** 10:22
12:17 25:17 29:20
38:11 51:7
- created** 18:20
- creates** 11:16,21
27:14
- creation** 34:5
- credit** 8:10 12:2,6
18:21,22,24 19:12
24:4,8,13 27:10,
20 40:24 45:7
50:8 51:6,25
52:25 54:17 57:19
- crisis** 25:23
- critical** 38:14,24
54:7 57:14
- criticized** 52:19
- crop** 26:13,18
27:2
- crops** 26:16 27:25
- cross** 3:10 16:3,9,
10,12 22:21 46:18
- curing** 35:1
- current** 28:5
29:13 38:19 41:22
42:24
- customer** 10:17
17:14,23 18:5,6,
14 19:1,3 40:21
42:5 43:14,17
- customer's** 41:6,
14
- customers** 6:7
31:20 40:21,25
41:2,21 52:21
-
- D**
-
- daily** 12:11 44:3
50:1
- daily-paid** 32:19
- data** 56:23 57:4,5,

6
dating 53:16
day 11:1,6 30:9
 42:1
days 7:9 11:8
DBO 12:19 30:16,
 20,22,24 38:16
 55:3 56:20
DBO's 14:13
deadlines 28:10
deal 6:15 8:16
 17:18 18:5,12
dealer 26:21
debate 39:25
December 24:9
decided 30:21,25
 46:8
decision 14:2
 32:25
decisions 9:21
 30:14 54:2,11
decrease 41:6
decreased 22:7
dedication 29:11
 54:25
deeply 29:12
defended 37:13
deferral 18:16
defined 27:3 48:4
definition 16:18
 17:3,7 18:12
degrading 23:14
delaying 26:15
deleting 16:23
delivering 50:19
delivery 19:4
Denis 3:14 29:2,5
Dennison 29:3
 33:18 42:12
department 2:1
 4:6 15:1,19 16:5
 19:20 22:25 29:11
 30:10 31:9 32:13
 33:1,3,4,23,24
 35:1,18 36:16
 37:1,3,11,14,21
 51:11,16,18
 53:15,24 55:2
 56:13,21
Department's
 5:10 34:20 37:17
 38:6
Departments
 40:1
depend 28:12
dependant 39:20
depending 11:13
description
 33:19
deserve 46:2
designed 31:19
 41:13 56:3
detail 55:22
details 31:16
determination
 11:2
determine 7:10,
 16 12:3,21 47:11
determined
 10:25
detract 50:3
DFPI 40:14 54:6,
 25 55:3,20 56:18,
 20 57:8,10,13
Dibendetto 3:3
 4:10 8:11 12:13,
 15,23,25 14:22
 16:8,11 19:13
 23:3 26:5 29:1,4
 33:8 36:22 37:25
 40:8 44:6 46:4
 50:12,14 54:13
 58:2,5,14,19
 59:14
Diego 15:12
differ 21:23
difference 24:3
 57:21
differs 41:17
difficult 10:2 35:4
 38:10
difficulty 7:3
diffuse 50:3
direct 7:2
directed 6:19
director 29:6
 54:16
disadvantage
 51:5
disagree 30:7
disagreement
 38:21
disband 53:12
disclose 11:8
 52:21 53:4,7 54:1
disclosed 10:11
 32:4 43:22 45:25
 52:12 55:14,25
Disclosing 22:13
disclosure 2:7
 4:8 7:1 8:18 9:16,
 20,25 10:22
 11:10,21 12:1
 17:12,17,20 19:7,
 9 20:14,19 21:3,
 15 22:4,14,17,21
 23:1,13,18 25:1
 28:9,18 29:16,20,
 21 31:11 32:2,8,
 15 33:2 38:6,8,11
 39:1,10 40:4 42:3,
 8,25 46:22 48:6,
 13,14,20 49:5,20
 51:2 52:22 53:2,
 12,25 57:22
disclosures 4:15
 10:3,5,7,10 17:24
 18:14 19:21 21:1
 30:12,17 31:1,3,7,
 14,19 32:21 38:18
 40:2 41:10 44:17
 45:13 46:16,19
 47:5,6,15,22,24
 48:9,17,23 49:1,9,
 12 50:5 52:18,19
 55:20
discount 10:16,
 20 11:8,15
discounting 14:6
Discouraged
 30:25
discuss 20:18
 34:19 36:21 39:25
discussion 10:11
 28:8 36:4
disproportionate
 25:15
disproportionate
ly 45:11
disputed 53:10
disservice 42:9
distract 31:20
distribution 35:8
disturbance 8:7
dock 15:12
documents 4:15
 5:18
dollar 19:2 22:14
 49:3 51:21
dollars 43:4
doors 21:12
double 24:17
downward 13:22
dozen 53:21
drafted 17:4
drafting 22:24
 37:2
dramatic 23:22

drastically 41:23
drive 34:10
driven 13:13
drives 50:19
drop 24:2
dropped 24:1
due 5:7 40:22 44:2

E

e-mail 5:10
earlier 5:6 42:13
 46:18 53:7 55:17
 58:25
early 29:18 30:16
 46:19 47:5
easier 41:15
easy 17:22 30:12
echos 44:23
ECOA 57:25
Econ 25:5
economic 44:17
 50:19 51:8
Economics
 24:24
economy 25:10,
 19 44:19
educate 44:11
education 44:10
effective 21:25
effectively 16:23
 21:14,16 27:25
efficiently 27:25
efforts 20:12
 22:24 37:6 38:9
 41:8
elapsed 5:2
electing 55:19
elements 21:18

emphasize 38:13
employees 25:16
enables 22:18
 44:25 51:20
enactment 9:23
encourage 32:13
encouraged
 30:20
end 5:13 14:18
 39:22
endorsers 53:20
ends 24:4
engage 44:13
engine 34:5
engineer 7:15
ensure 13:24
 14:10 27:22 39:17
ensuring 25:1
 40:1
entered 18:12
 19:5
Enterprise 23:7
entrepreneurs
 50:20,23 51:5
equal 23:23
equality 28:3
equipment 15:5,
 10,16
equipment-lease
 15:25
error 8:1 43:1
establish 53:24
established
 51:19
estimate 22:4
estimated 10:10
 25:12 43:20 50:2
estimates 8:5
 43:7

estimating 54:7
estimation 55:24
 56:1,3
estimations
 55:21 56:8
evaluation 59:5
event 11:13 47:25
eventually 5:17
everyone's 36:19
exact 21:24
examine 38:21
examples 36:14
exceeds 19:6
excess 13:14
exchange 41:3
excludes 27:8
executive 13:2
 29:5
exempted 27:11,
 20
exemption 27:22
 28:1
exist 11:25
existing 18:8
 42:25 57:10
exit 14:18
expanded 56:20
expansion 55:3
expect 51:24
expectation 7:12
expectations
 6:16 8:8
expensive 11:18
 31:17 39:21
experience 8:17
experiences
 43:17
experiencing
 41:19

expert 6:25
experts 31:3
explain 10:7 36:2,
 12
explanation
 49:25
extending 17:2
extensions 18:15
extremely 11:17
 37:4 43:18
eye 6:25

F

face 10:15 15:6
facilitated 54:18
facility 12:2,6
fact 10:10 11:22
 42:18
factor 10:15,20
 11:7,10 13:19
factoring 8:25
 10:12 11:14,17,22
 12:18 13:11 14:4
factors 8:16,22
 10:8 25:4
facts 10:23 11:6
 53:3
fails 42:4
failure 24:4
failures 25:8
fairly 44:22
fairness 27:10
faith 14:12 43:3
false 12:17
familiar 45:2
families 51:7
family 13:5 14:16
family-owned

13:5
Fargo 16:3
farm 27:10,20
farmer 28:12,13
farmers 26:12,20
 27:16 28:21,23
fault 48:2
favor 23:1
fear 9:15
FECRA 57:25
fed 43:7
federal 20:4 23:16
 24:8 30:19 45:19
 52:23 53:15,17
fee 45:17
feel 55:11
fees 12:3 13:24
 39:2,5
fertilizer 26:14
field 27:14
figure 14:10
file 43:24
filed 6:21 16:2
 35:18
final 17:5,11,19,25
 37:18
Finally 8:6
finance 7:2 8:17,
 20 13:6,9,19 15:5,
 15,16 16:17 18:3,
 11 19:22,23 20:3,
 5,6,11,14,16,24,
 25 21:4,20 22:23
 25:2 26:12,17
 27:2,5 28:2,17,20
 29:6,7 30:9 31:25
 33:17 37:7 39:5,
 14,23 41:17 46:10
 50:25
financed 52:9
finances 54:11

financial 2:2 4:6
 5:22,25 7:6 8:23
 19:20 28:24 30:14
 31:3 40:12 41:19
 44:12 50:18 55:17
Financial's 6:6
financiers 45:3
financing 2:6 4:8,
 14 6:19 9:11,14,
 22 10:3 13:12
 17:2 18:20 19:21
 20:10,13 21:5,14
 22:8,19 23:15
 24:6,10 25:9 27:8,
 15,24 29:8 31:21
 38:12 39:3,8,10
 40:11,12,17,18,20
 41:1,2,6,8,9,25
 42:8,14 43:11,25
 45:1,11 46:11
 47:11,20 48:7,15
 49:3,6,16,17 50:4
 51:2,3 52:16,18,
 20,23 53:3,5,13
 54:1,3 55:13,19,
 23 56:22,25 57:3,
 8,16,18,24
find 6:11 57:20
findings 31:8
finds 32:20
finish 12:14 23:10
fire 21:10
firm 8:14 20:1
 24:14,18 31:2
firms 24:12
first-of-its-kind
 52:6
Fisher 3:11 19:17,
 18,22
fit 10:2 19:3 27:2
fixed 7:8 39:14
 41:14 42:2 46:15
fixed-term 42:6
flawed 32:17,24

flexibility 21:13
 56:12
flexible 56:4,5,9
flow 26:20 40:23
flowing 42:8
fluctuates 43:15
focus 8:15 50:23
focus-group
 31:4
focused 6:21
focuses 20:2
fodder 43:23
folks 55:4,24
follow 30:18 40:6
 49:23
Ford 40:11,12,17,
 20 41:8
form 28:6,18
 29:13 38:19 48:20
formation 16:6
formatting 48:19
formed 17:18
forms 14:4 50:6
formula 22:18
forward 23:10
 30:21 36:17 59:11
found 4:16 24:9
 30:22 31:5 52:10
founded 50:18
founding 40:17
 51:9
framework 32:22
 38:11 53:25
frankly 36:7 44:24
frequently 9:4
 24:12,15,18
full 17:17 24:25
 31:4 43:21
fully-informed

54:2
function 57:12
fund 40:19 50:17
fundamental
 21:18
funder's 44:2
funding 18:22,25
 20:5 48:1 49:12,
 13,18,19
funds 44:4
future 20:7 22:9
 41:4 59:7,12

G

gamed 56:4
Gary 3:6 5:21
 8:19,23 11:20
 55:17
gathered 37:21
general 26:11
 38:3 40:11 46:9
 47:1
generally 10:17
 30:19 52:20,23
generate 12:21
 51:8
generates 6:4
generations 6:2
get all 5:18
Gilberto 3:21
 50:14,16 55:12
give 14:25 17:12
 18:10 19:1 23:8
 28:4 48:3 51:13
giving 17:20
Glazer 15:18
 29:18,24 32:10
 50:6 51:10
Glazer's 29:20
goal 29:16 37:18

good 6:11 14:12
24:23 36:24 38:2
40:10 52:17 55:8
governed 15:22
government
52:15
governors 53:17
grants 56:21
grateful 54:25
great 8:16 9:5
23:9 25:9 38:8
greatly 40:4
Greg 3:13 26:9,10
group 19:23
54:21
groups 54:22,23
grow 6:3 51:6
growers 27:23
growth 13:21
guess 21:16,20
22:2,5,9
guesses 22:3
guesswork 22:15
23:2
guidance 48:22
guided 15:22
guidelines 4:12
guys 15:1

H

half 9:2
Hamid 3:7 6:25
8:12,13
hand 4:19 57:4,5
58:7,9
handled 46:20
happen 48:16
harbor 8:2 14:12

38:15 48:20
hard 37:4 55:5
harder 6:11
harm 52:17
harvested 26:16
headquarters
13:7
hear 5:20 16:10
29:3
heard 33:18 34:11
37:8 53:7
hearing 2:5,19
4:7,13,17,18 5:5,
13,14,15 29:15
34:24,25 35:2,4,6,
11,15,21 42:13
59:12
hearings 34:23
heart 7:4
Heidi 3:12 23:4,5
held 5:24 57:6
helped 55:5
helpful 13:23
22:14 53:8
helping 20:2
helps 49:11
hide 49:5
high 43:10 52:11,
20 53:10
high-cost 52:7,9,
16
higher 22:11
24:13 39:19 52:25
highlight 16:3
highlights 10:9
highly-attractive
27:24
hired 31:2
Hispanic-owned
24:14

history 29:19
home 40:20
honest 8:3
Hoover 3:13 26:9,
10
hope 31:8
Hudson 20:1

I

i.e. 17:13,19
identify 11:25
31:15
Immediately
29:23
immigrant 23:25
**immigrant-
owned** 45:10
impact 9:17 27:15
44:17
imperative 13:24
25:25
implement 44:15
52:18
implementation
25:12 30:11 31:10
33:2
implemented
48:12
implementing
38:14
implying 42:2
importance
23:18 51:13
important 9:13,
18 23:19 24:7
30:23 31:1,16
32:5 34:3,4,6,7,21
36:8 51:15 55:11
imposed 43:24
impossible 10:2

impression
11:17
improve 41:8
54:5 56:15
improved 26:20
improvement
34:2 55:10
improvements
55:9
inability 44:2
inaccuracy 11:21
inaccurate 42:22
43:23 44:2
inception 13:21
include 9:9 39:4
55:20 56:23
included 14:13
38:25 50:6
including 14:5
32:10 44:21 52:1
53:3,14 54:5
56:19
inclusion 56:5
income 12:21
incomplete 35:9
inconsistent
7:21
incorporated 8:2
increase 26:22
46:1
increased 22:6
incredibly 34:6
independent
44:14
individuals 30:3
industry 8:6
13:10 15:24 29:14
30:4 31:18,25
32:13 39:4 41:9
53:19 56:6
inform 41:12

information 9:20
24:24,25 31:11,14
37:21 42:17 46:24
47:3,7 52:8 57:10

informed 9:21
51:1 54:11

ingest 57:10

initial 17:3 34:9
35:25 36:10

initialed 53:19

initially 47:22

innovation 2:2
20:20

Innovations 4:7
19:20

innovative 19:25
53:22

input 26:18 27:2,5
28:2,17,20 38:16,
19

inputs 26:13

inspire 54:23

instance 6:12
7:19

institution 27:20
50:18

institutions 9:10
27:11

instructions
58:15

intended 32:17
33:3

intent 9:24 29:20
30:11 31:18 33:4

intentional 43:3

interest 7:21 12:3
14:2 16:15,19,22,
24 26:15 27:24
28:10,14 32:9
45:17,24

interested 37:19,
20

interests 9:8

interim 17:25

internally 57:7

International
8:14

internationally
8:22

interpreted 38:22

introduced 23:17

invest 20:5

invoice 10:16,17,
20 11:1,3,6,7

issue 26:8,24
29:12 35:11 46:17

issues 11:25 35:1
36:13,16 37:4
38:20 46:14 48:18

item 39:2 48:12

itemization 49:19

itemizations
49:21

J

Jan 3:16 36:23

Jesse 3:2,17 4:5
14:24 38:1,2
58:11,21

job 34:5,16

jobs 25:17 34:14
51:7

joins 59:10

July 23:16

K

Kate 19:22

Katherine 3:11
19:17

keeping 6:22

key 26:24 31:8
42:13

kind 57:21 59:1

king 6:3

L

lack 24:3,20 40:22

land 28:24

language 49:23

large 9:9

largely 52:15

larger 39:22

largest 40:21
54:17

lasting 13:14

Lastly 15:23

law 8:14 20:1,4
23:12 27:8,9
30:11 53:7 55:6
57:2

laws 9:19 46:21

lead 14:1 30:18
34:16 42:20

leader 23:12

leads 17:11

learn 29:14 32:14

learned 25:5

lease 15:5,8,9,10
19:5

leasing 15:16
18:20 19:9

leave 6:10 58:23

leaves 23:2

led 43:1

left 6:10

legal 18:9 20:2,16,
17

legally 51:24

legislation 36:7

legislative 30:1

lender 5:23 12:1
46:12

lenders 6:5 7:22,
24 8:3,16,21 9:10
10:8 12:19 17:22
27:1,9 39:12 52:8,
11,14,16 54:21

lending 7:1 8:25
9:9 11:24 12:16
13:11 18:21
19:10,11 23:16
25:11 26:3 27:4,9
44:16 45:4 46:21
51:9 53:22 54:16,
19 57:2

length 21:23
41:18

lengthening
41:23

lengths 45:2

less-favorable
31:17

less-than-fair
52:25

lets 52:3

letter 26:2 28:7
33:20 36:15 39:24

letters 33:21,24
34:18 35:12 36:5
38:12 40:6

license 5:25

licensed 46:11

licensee 5:24
38:5

life 7:14,16 51:22

life-cycle 13:20

light 6:17,18
44:16

limit 20:20

limited 16:19
18:12 29:24

limits 18:22,24
19:12

listening 33:25

litigation 14:17
42:21 43:2 44:1

loan 7:13,16 18:25
32:6 41:5 42:6
47:12 52:3

loans 14:19 20:7
40:24 41:12,18
50:22 51:5,25
52:1,3,6 54:18

local 25:17 26:14

locomotives
15:8

long 8:6 21:21

longer 7:11 13:15
39:21 41:20

looked 48:19

loophole 23:12

Los 8:14 33:16

lose 34:14

losses 9:3,6
23:22 34:16

lot 17:9,21,23 18:2
36:4 47:16 50:1

Louis 3:22 54:14,
15

low 39:18 50:23

lowball 7:24
55:14

lowballing 57:14

lower 7:25 14:18
22:11 39:20,23
51:4

M

Maaske 2:18

made 12:7,9,10
17:6,11 18:5
43:14 44:21

magnify 8:1

maintain 6:13
51:7

maintained 6:18
7:14

major 30:19

majority 44:9,23
51:3

make 4:22 5:2,12
7:12 9:21,25
11:10 13:25 14:2
17:1,16 18:19
20:12 21:22
22:10,19 30:13,
14,20 32:24 38:19
45:6 46:15 48:25
54:2,11 58:24

makes 15:16
17:21 18:2

making 4:10
31:21

manage 44:9

manager 13:3
26:11

Manatt 33:15

manners 54:10

manufacturer
26:18

manufacturers
28:23

margins 43:1

market 14:18
23:15 24:25 25:2,
8 26:19,20 28:22
34:11 52:14 53:16
55:1 57:12

marketplace
44:19 45:16 54:17

material 46:14

math 30:8

matrix 6:24 7:3,15
8:8

MATTER 2:5
55:20 56:3,4,5,6,9

matters 34:21

Mattson 3:2 4:5,6
58:13,17,21,22

maximum 21:6

MCA 7:7

MCAS 53:3

Mcguirewoods
8:15

Meaning 43:13

meaningful 9:19
13:23 21:1 29:16,
23 30:12 32:12
33:5 41:11

meaningless
11:16 14:1

means 11:8 25:23
47:9

mechanism
38:16,17

medium-sized
13:20 19:24 40:13

meeting 58:23
59:15

member 37:4
51:9 53:21 54:19

members 8:24
9:9,18 20:6,9
54:20 58:1

membership
44:11

Mendoza 3:21
50:15,16

mentioned 39:13
40:3 55:12

merchant 24:14

merchants 30:14,
18 31:1

message 58:7

met 6:16 29:18

method 54:7

55:20 56:3,4,5,6,9

methods 19:25
56:2

metric 30:3,6,10
32:9,17 33:5
42:19 44:24 49:14
51:19

metrics 32:4,6
38:24 42:13

micro 23:6 50:21

microphone 46:8

midterm 18:13

million 19:2 20:10
25:16

millions 40:19
43:4

mind 10:4 37:16

mine 25:18

minimum 14:12

minorities 24:10

minority 50:24

minority-owned
24:12 45:9

minute 55:23

minutes 4:11,25
5:1,4 58:24 59:10

miscalculating
43:5

misinformation
42:7

misleading 23:13

misled 7:17

mission 50:21

misstated 42:1

mobility 50:19

**moderate-
income** 50:23

moderator 3:3
4:9,20 5:1,3

modification
55:18

Monday 2:17 4:1

money 22:10

monitoring 53:16
57:12

month 6:21

monthly 12:20
41:4 50:1,3

months 18:16
43:20

mortgages 51:25

move 5:4 30:21

moving 36:17

multi-financing
38:4

multiple 47:20
48:8 49:1 53:14

mute 5:3

muting 33:12

N

Namazie 3:7 6:25
8:12,13 12:13,14,
16,24 58:9,14

narrow 49:1

Natalie 3:20
19:14,15 26:6,7
46:6,9

national 53:23

nationally 29:8

**nationally-
recognized** 31:2

nature 13:13 27:4
43:16

navigate 44:12

neatly 27:2

necessarily
28:12

needed 55:9,18

negative 9:17

negatively 27:15

negotiate 47:9

negotiation 17:9

neighborhood
51:8

net 49:12,13,16,
18,19

network 7:2 8:20

news 23:21

nominal 39:18

non-borrowing
14:8

non-exhaustive
36:14

non-notification
14:6

noncompliance
43:2

nonprofit 44:10
50:18 53:20

nonprofits 54:22

nonrecourse
14:5

nonstandard
45:17,21,24

note 9:18

noted 54:20 55:24

notice 35:3,6,8,
12,14,15,21

noticed 34:25
35:2

notices 35:19

notification 14:5

November 2:18
4:1

nuances 14:8

number 12:7
23:22 33:21 35:17

45:23 56:19

numbers 30:13

numerically 49:4

numerous 47:8

O

obligation 18:9

obligations
16:23

obscure 42:3

obtain 20:21
46:24

obvious 35:20

occur 16:19

occurred 48:1

occurs 18:3,4
19:5 52:15

October 26:24
28:7

offer 17:3,11,19,
25 18:11 20:6
27:12 29:8 31:21
57:19

offered 17:6 52:7

offering 18:3

offers 28:11 52:5

office 8:14 13:8

one-eighth 42:23

one-tenth 43:5

online 45:11
54:17

open 8:10 34:23
58:24

open-end 18:21
50:8,9,11

operating 53:6
57:3

operational
20:20

operationalize
21:3,14 22:12

operationalizing
20:19

operations 40:19
44:9

opportunities
20:21 27:16

opportunity 7:24
13:2 19:19 23:7
33:14 35:22 36:18
37:23 40:15 44:4
50:17 54:10 58:4
59:11

opposed 17:17
18:13 30:5 49:13

opposes 20:14

opposing 53:1

options 27:24

oral 59:4

order 4:22 5:13
12:2,7,20 16:13
23:12 27:18 35:6
46:15

ordered 43:4

organization
4:24 27:21 44:11

originally 43:9,
20,22

outcome 32:11

outlined 48:23

outset 47:22

outstanding 9:1
12:10 16:20,25

outstandings
12:20

Oversight 37:1
53:15

owed 10:14

Owen 3:16 36:23,
24

owner 14:2 25:8
owners 23:25
24:11,23 25:15
29:16,23 32:18,22
33:6 42:15 44:12,
19,22 45:5,8,15,
19,20 46:1
owners' 54:9
owns 10:17

P

p.m. 2:16,17 4:2
5:6,11 59:2,16
Package 4:14
pages 47:21 49:1
pages' 47:14
paid 39:7
pain 23:23
paired 56:10
pandemic 23:20
41:22
Panel 53:19
Pappas 3:20
19:14 46:6,7,9
50:13
part 5:16 25:11
30:23 38:22
participants 30:5
31:13,19 32:2
39:4
participating
26:20 29:15
parties 7:13 17:20
37:19
partner 8:14 20:1
33:15
parts 15:12
pass 38:18 51:10
54:24
passage 37:2
55:5

passed 23:15
past 9:1 20:9 43:4
patterns 6:20
pause 59:13
pay 42:16 43:4
paying 39:5
payment 10:25
11:1,3 16:16,20,
22,25 17:15 18:7,
16 21:8 22:2
28:10,15 39:22
41:23 43:21
55:14,24 57:15
payments 21:9,
19 22:11 26:15
41:7,20,22 43:14
50:2
pays 21:5,11
Pearson 3:15
33:9,10,15
peek 9:5
penalties 43:1,5,
24
people 31:22
34:7,12 35:4,17,
20 51:23 55:4
percent 6:12 9:2,
6 10:11,20 11:7,9,
11,15 24:1,2,16,
19 41:4 45:14
49:3 51:3 52:11,
12
percentage
10:18 21:6 32:9
42:23 43:6
performance
43:18
performed 31:13
period 41:24 42:3
58:15
periodic 21:7,9,
19 22:2,11 39:14,
22

periods 16:20
permitted 50:5
person 4:21
58:10,16,18
personal 52:1
57:19
personally 13:9
persons 5:6
perspective
55:21
Petty 46:5
Phelps 33:16
Phillips 33:16
Pickman 3:12
23:4,5
pipeline 8:9
place 18:3
plaintiff's 43:23
planning 59:7
Platform 53:22
play 25:3 45:8
playing 27:14
plight 25:19
point 6:16 10:11
16:21 17:1,11
18:6,19 22:9
42:23 43:6 52:22
point-of-sale
26:12
points 6:23 10:18
16:13 38:14
policy 44:9 50:17
54:16
poling 44:14
poor 43:18
poorly 31:13
popular 9:3
portfolio 6:12

portion 7:2
positive 44:17
possibility 34:13
possibly 28:6
posted 5:17
potential 25:17
42:7 43:8 48:2
potentially 24:13
34:10 42:5 47:21
49:2,15 52:25
PPB 5:24
practical 20:18
practice 8:15
20:2
practices 23:14
pre-covid 24:9
precisely 44:3
predict 44:3
predicted 41:25
prepayment
49:23,24
prepayments
16:17
prescribed 56:3
present 29:22
35:22
presented 49:4
preserve 27:18
president 5:21
13:3 15:4
pretty 35:13
prevent 55:13
56:10
preventing 57:14
previous 37:19
price 10:15,21
17:8,13,14 25:3
31:20 44:24 48:2
pricing 14:8

primary 41:5
principally 13:19
principle 24:24
prior 5:24 16:24
 17:4 33:22 35:16
priority 16:13
 25:24
problem 17:6
 35:20 55:18
problematic 10:7
problems 20:18,
 20 36:17
procedural 34:21
proceed 48:15
proceedings
 2:15 59:13,16
process 30:1,24
 33:7 35:13 37:1,
 10 38:13 46:20
 47:6 51:12
produce 27:25
product 6:1 9:3
 10:13 11:17,23
 24:5 29:22 31:16
 39:13,18 41:16
 46:23 52:9
products 7:6 9:7,
 15 10:3,12 18:23
 22:15,19,22
 24:14,15 25:6,7
 26:12,14 27:13
 32:19 39:12 42:4,
 9 45:1,22 47:9,10
 50:1,9 51:21 52:4,
 10,17 53:1 55:23
 56:25 57:16
program 26:22
 27:2,5 28:2,13,17,
 21
programs 26:17
 28:14
projected 43:10
 56:1

promote 28:3
 44:16
promulgate 15:2
promulgating
 37:10
proposal 12:18
proposed 2:6 4:7,
 14 10:5 14:13
 19:21 22:24 27:1,
 3,6 28:4,9 29:12
 30:10,17 32:9
 34:10 36:1 37:20
 40:16,25 42:19
 43:11 44:15 46:14
 50:10 51:16 57:6
protect 8:3 14:20
 23:13 27:7
protecting 25:24,
 25
protection 2:2
 4:7 19:20 26:13
protections 27:6
proud 54:19
prove 44:2
proved 23:11
provide 7:23
 17:13 19:24 21:2
 30:12,22 32:16
 33:5 40:15,25
 42:17 44:4 47:2
 50:2 51:2,5 56:2
provided 17:25
 20:10 29:19 31:14
 35:6 36:14 37:19,
 22 40:18 46:19,22
 47:7 49:22 52:8,
 10
provider 10:22
 13:11 17:10
 21:15,22,24 22:4,
 7,12 38:4 47:7,15
 48:13 49:9,10
 57:18
providers 20:2,4,
 6,24 21:13,16,20

22:1,18 43:12,25
 47:18,20 48:21,25
 54:1,6 55:13
providing 9:11
 14:19 21:1 25:5,7
 26:21 27:23 28:20
 29:16 43:23 49:8
 50:21
provision 14:12
 56:24
provisions 19:9
public 2:5 3:5
 4:13 5:16 23:8
 34:23 37:5,18
 54:16

publicly 32:3
 37:22
published 24:9
 53:14
purchase 10:15,
 21 20:7 26:13
purchase-order
 13:12
purchased 10:14
 11:6
put 15:6 28:23
 44:24 49:20 57:22

Q

quality 27:18
question 37:24
questioning
 31:15
queue 58:6
quick 10:4 12:18
 41:3
quickly 57:17
quote 17:13 47:1
quoted 17:8
quotes 47:18

R

Rabo 26:11 27:5,
 14,19,22 28:2,5,
 11,17,18
railroads 15:9
railway 15:9
raise 4:19 58:7
raised 55:16
 56:16
ranged 52:11
ranging 50:22
ranked 32:5
Rapid 46:10
rate 7:21,25 10:11
 11:8 12:3 17:8
 24:2 28:10 39:14,
 19,20 45:17,18,23
 51:17,23
rates 13:24 26:15,
 19,21 27:24 28:14
RBLC 51:18 53:20
 55:7
re-disclosure
 48:3
reach 37:23
reached 32:11
read 23:21 39:9
readily 57:4
ready 5:18,20
 39:25
reality 11:14,18
reason 21:13 48:3
reasonable 36:2
reasons 34:9
 35:20,25 36:10
 37:11 56:18
receipts 41:15
receivable 10:14
 26:22

- receivable-management** 14:7
- receivables** 20:7
- receive** 35:11,19
43:21 48:8
- received** 5:13
16:21 59:3,4
- receiving** 21:5
42:6 47:14,24
- recent** 42:11
- recently** 45:19
- Recession** 9:5
- recipient** 17:9,10
- recipient's** 16:15
- recognize** 52:19
- recognized** 29:24
51:18 53:23
- recognizing** 10:1
- recommend**
45:23
- recommendations** 46:3
- recommended**
32:7
- reconsider** 22:25
56:19
- record** 4:24 5:17
23:22
- recording** 5:14
- recourse** 14:5
- reduced** 26:21
34:15 41:23
- reduction** 48:2
- Reese** 3:6 5:21
- refer** 58:11
- reference** 4:16
- referenced** 56:13
- references** 16:14
- referrals** 13:18
- referred** 13:16
17:5 42:12
- refinancing** 48:4
- reflect** 32:19
- reflects** 22:6
- refuses** 48:14
- regimes** 42:25
- Region** 13:3
- regs** 7:5,7,18 8:2,
8 37:10,20
- regulation** 4:14
6:17 9:16 14:9,16,
19 36:17 38:22
46:16
- regulations** 2:7
4:8,15 5:9,10 6:22
9:19 10:5,24 12:8
14:14 16:15 17:16
18:17 22:24 29:13
33:22 34:1,10
37:2 38:7,14,18
39:9 40:16,25
42:20 43:11 44:15
46:15 50:10 52:15
- regulations@
dfpi.ca.gov** 5:11
- regulators** 30:19
- regulatory** 30:24
35:19
- reinforced** 57:13
- reiterate** 6:23
- rejected** 36:3,12
- related** 4:15 9:16
- relating** 8:5 16:16
- relationship** 6:4
13:13
- relationships**
6:14 13:14
- relative** 57:22
- released** 30:21
32:3 45:19
- reliance** 56:11
- relief** 18:7 58:1
- rely** 37:12
- remain** 16:19
- remains** 16:25
- remarks** 51:13
- remittance** 41:24
- remove** 28:21
30:2
- removed** 49:20
- removing** 32:7
- reopen** 21:11
- repayment** 41:18
42:3,4
- repayments**
41:13
- repeat** 6:22 33:19
37:8 39:24 47:6
- repeating** 42:11
- repeats** 6:12
- replace** 30:2
- replacing** 32:8
- report** 31:4 45:19
- reported** 2:18
- Reporter** 2:19
- reporting** 54:6
56:14,19,22,24
57:1,11
- represent** 15:7,15
20:4
- representing** 7:1
8:15,21 37:7
54:21
- reputable** 53:11,
23
- request** 18:5,15,
16 22:25 35:15
48:12,20 49:23
- requests** 35:14,
18
- require** 7:18 9:20
12:8 18:17 21:16
28:9 41:13 47:5
48:17 55:23 56:22
57:6
- required** 39:1
41:7 42:19 45:13
48:6 51:17,24
53:6 57:1
- requirement** 8:18
22:13 30:2
- requirements**
9:16,25 27:12
35:7 44:18
- requires** 12:1
22:4,7 43:11
49:21
- requiring** 20:14
23:1
- research** 31:2
44:10,14 52:24
- Reserve** 45:19
52:24 53:15,17
- Reserves** 24:8
- reserving** 5:3
- respectfully**
22:25 30:6 33:1
- respond** 59:7
- response** 50:20
- responsible**
19:23 25:11 26:3
51:9 54:19
- result** 7:21,22
21:25 22:20 43:19
- resulting** 7:25
22:11 43:2
- results** 11:11,12
31:24 37:12
- retailer** 26:18,21
28:13,14
- retailers** 26:14
27:17 28:22
- retrospect** 42:1

- retrospective** 55:21
return 6:11
revenue 40:23
 41:6 43:14
revenues 41:4
 44:3
reverse 7:15
review 32:14
 38:18
revised 6:24 17:7
revolving 12:2,6
RFP 30:21
Riehl 3:9 14:23,24
 15:4
rights 17:4 53:21
risk 14:17 28:25
 44:1
Rosenthal 13:3,
 4,5,10 14:15
roughly 20:10
round 33:21 34:1
 36:3
rounds 33:22
 35:16
row 10:6
rule 27:3,6
rulemaking 34:3
 51:12 56:23
rules 6:19 15:2
 23:18 25:1,3 27:1,
 21 28:4,9,16,19
 36:1 45:8 51:16
 53:24 54:5 55:2,8
 56:2,15 57:5
run 5:5 38:20
-
- S**
-
- safe** 8:2 14:12
 38:15 48:20
safely 44:13
sales 21:6,7,8
 22:6 26:22 41:15
 43:18 48:23 56:1
sales-based
 20:23,24 21:4,14,
 20 41:1,2,5,17
 42:8 43:11,25
 47:11 55:13,18,23
sample 28:17
San 15:12
satisfy 33:4
save 25:13
savvy 7:14
SB 9:24 23:11
 25:12 29:19 31:10
 32:17 33:4 50:5
 51:11,17 54:24
SBFA 30:25 32:10
 33:19 42:12
Sbfassociation.
org. 31:5
scenario 43:22
schedule 35:5
scheduled 19:4
scientific 45:14
scope 27:9
Scott 3:9,15 14:23
 15:4 33:9,15
secret 23:19
section 10:24
 11:5,9,13 42:19,
 21 43:10 50:11
sections 16:16
secure 41:3
secured 7:2 8:20
seed 26:13
seeking 50:25
select 31:16
self-policing 56:11
self-projection
 54:7
selling 52:23
Senator 15:18
 29:18,20,23 30:16
 32:9 50:6 51:10
senior 3:2 50:17
sense 7:12 17:21
 18:2 30:13,20
sentence 12:14
separate 19:4
 39:2
separately 39:5
September 32:1
sequence 33:12
served 6:1,17 8:7
serves 27:21
service 25:3 37:5
 58:1
services 14:7
 27:13 44:13 56:25
set 10:5 41:19
setting 20:16
settled 17:20
severe 43:1
SFNET 9:9,18
Shapiro 3:18
 40:9,10,11
share 19:19 31:8
 55:7 57:8
shares 29:15
Shelby 2:18
ships 15:11
shop 44:22 45:12
 54:9
shopping 18:6
 45:7 46:2
Short 37:22
short-term 32:19
 52:1,7,16
show 25:20
showed 45:14,20
shows 31:11
sign 48:6,8,14
signatories
 53:20
signatures 48:5,
 17
signed 6:15
similar 11:25
 27:12,21 32:9
similarly 42:25
 55:3 57:9
simple 6:19,22
 10:13 21:5 45:17
simplification
 6:25
simplified 8:9
simply 7:17 9:25
 42:15 49:24
single 11:2 12:9
single-invoice
 14:6
situation 48:16
slim 43:1
small 9:4,8,10,11,
 13,20,21 10:14,21
 11:19,20 13:19
 14:1 19:24 20:4,
 10,25 23:13,14,
 15,19 24:8 25:6,8,
 9,13,18,20,24
 29:6 33:17 34:4,
 15 38:11,25 39:6,
 11,17 40:4,13,21
 41:11 42:9,14,15
 44:3,9,12,18,22,
 23 45:5,7,18,20
 46:1,11,16 47:7,
 16 49:2,15 50:21,
 25 52:7 53:12,20
 54:2,8 55:13 57:2

small-business 24:6
smaller 24:10
 45:10
smart 32:1,4
software 15:13
sold 10:20
solve 55:17
sort 57:21
sough 24:14
soul 25:21
source 9:22 11:18
sources 53:11
speak 4:11,18,21
 5:7,19 13:2 33:14
 36:18 55:10,22
 57:17 58:4,7
 59:11
speaker 5:4
speakers 3:5 5:8
speaking 5:16
speaks 55:16
 56:15
specific 16:13
 17:2,8 26:19
 49:12 50:8
specifically
 15:22,23 18:24
 21:17 31:7 52:24
 55:10 56:21
speculative 7:18,
 23
spoken 35:17
sponsored 26:17
sponsors 26:22
spread 7:8
stable 6:1
stacking 7:25
staff 29:11

stages 13:20
stakeholders
 32:14
stand 39:25
standard 52:2
standardized
 49:8
standpoint 27:10
start-up 13:21
started 37:2
state 4:23 5:22,25
 6:6,13 8:23 9:13
 15:4 20:3 21:15
 25:20,22 29:9
 30:19 44:19 46:12
 49:24 53:6,18
 55:17
stated 8:19 11:20
 46:18 52:1
statement 34:9
 35:25 36:10 37:11
statements 44:24
States 8:22
static 12:7
status 51:24
statute 27:11
statutory 35:7
stays 12:10
Steve 3:14 29:2,5
 33:8,18
sticking 4:11
stifle 20:20
stop 14:18
straightforward
 22:18
strengthen 16:4
strikingly 43:23
strong 6:5,14
 34:22 52:18

strongly 33:6
structure 42:4
student 51:25
studies 31:7,24
 32:7,10 53:8,9,14
study 32:3,11,14,
 15,20 37:12 42:11
 52:5
submit 5:9 41:20
 59:2
submitted 20:15
 26:24 33:20,21
 35:12,14 36:6
 38:12
substance 4:23
substantial 42:20
successful 6:24
suffering 23:20
sufficient 56:10
suggest 10:24
 49:17 50:9
suggesting 42:2
suit 43:24
summarize 28:8
 36:11
summer 23:17
supervisors
 53:18
support 38:9 51:6
 54:8 55:5 56:5
 57:11
supportive 9:19,
 24
supports 20:12
 41:8
surprise 53:9
survey 24:8 45:14
survival 24:4
suspended 41:22
sweet 37:22

Syndee 3:8 12:25
 13:2
system 27:11,20
 44:13

T

tailored 26:18
takedown 19:5
takes 7:8 18:3
taking 23:10 34:6
talk 24:21
talking 24:22
tasks 33:4
team 23:8
technical 26:7
 35:10
technically 17:12
 49:5
technology
 40:12
term 11:7,10
 18:15 20:7 21:18,
 21,23 39:20,21
 41:14,18 45:2
 48:10 51:22 55:25
terms 11:1,3
 17:19 18:21 19:11
 26:19 27:5 28:9,
 11,15 30:13
 31:11,17,21 34:6
 38:21 39:15
 45:17,21,25 47:2,
 9,12,20 48:9
test 30:10,17 31:1
tested 32:1
testifying 34:12
testing 30:21,22,
 25 31:3,4,6,10
 33:2,3
thing 56:6
things 35:5 36:1

49:11
thinking 42:5
third-generation
13:4
third-party 44:13
thought 45:20
thoughtful 33:25
thousand-dollar
10:19
threshold 19:7,9
thresholds 56:16
ties 6:5
time 4:20 5:2 7:8,
20 10:6,9 12:13,
23 14:20 16:20,24
17:2,5,8,13,15,17,
21 18:12,15 19:5
28:11,25 36:6
38:17 40:23 41:20
48:1 50:12 51:21
57:17 58:2,5,7,10,
16,20 59:2
time-honored
9:7
time-tested
51:23
times 6:11 24:2
timing 46:17
47:23
TLA 48:4,16,21
49:21,22,24 50:7
57:20
TLA's 50:11
today 4:9,13 5:7,
11,16 6:12 8:19
19:19 20:17 23:19
25:9 33:14 34:12
36:18 37:7,9,22
40:16 42:10 44:5
46:8 58:23 59:2,4,
9
told 21:15
tolerance 56:16

tool 22:1 29:25
topic 32:10
topics 34:17
total 22:13 32:6,8
39:10,11,19 42:14
touch 6:17,18
46:17
trade 8:20 29:7
traditional 40:22,
24 41:5,12,18
transaction 11:2,
12 12:22 21:4,19,
21,25 43:19 46:23
47:11
transactional 6:4
13:12
transactions
15:17,20,22 16:1
20:8,24 22:1
28:18
transcribed 5:15
transcript 2:15
5:15
translation 11:4
transparency
24:3,6 34:23 41:9
44:16 45:15 46:1,
2 55:9
transparent
20:13 24:13
treated 19:10
treatment 27:19
trend 13:22
trolls 14:17
troubles 41:19
true 22:21 32:19
51:1
true-up 22:5
43:18
true-ups 43:13,16
trusted 13:16

truth 7:1 23:15
45:4 46:21 57:2
TSPA 58:1
turn 43:9 58:21
turned 40:22
type 46:24 47:1,3
48:20 52:23
types 15:25 27:8
29:22 45:1 47:10,
18,20 48:23 57:15
typically 26:17
46:20,22

U

U.S. 23:17
UCCC 15:23
UDAP 57:25
ultimately 32:25
42:18 43:9 44:1
unconditional
41:13
undercut 32:21,
23
underneath 19:6
49:20
underserved
45:9
understand
15:18 24:5 30:12
31:23 32:22
37:10,14,17 39:18
41:16 56:14
understanding
26:25 32:24 55:1
understood
15:18
undertake 54:12
underwriting
54:6 55:20 56:4
undetermined
22:9

uneven 27:14
40:23
uniform 10:3
28:14 49:9 51:20
unique 26:12
United 8:22
universally 42:17
unknown 47:2
Unlike 41:4
unmute 33:11
unmuting 33:12
unnecessarily
27:6
unsavvy 7:16
unscrupulous
7:24
untested 30:6
upfront 7:8 28:9
41:3
ups 40:6
urge 14:11 33:1
44:15 45:25 46:3
54:5

V

valuable 28:22
Vanessa 46:5
variables 12:7
variation 10:12,
13
varies 10:16
vary 28:15
varying 11:12
vast 51:3
version 23:16
versus 14:5,7
vetted 45:3

vice 13:2 15:4
Videoconference
4:1
view 29:19 32:15
34:2 55:7 57:18
views 35:22 44:5
VIRTUAL 2:15
voice 33:7
volume 5:8
voluminous 36:5

W

wait 59:9
waiting 5:6 17:18
walk 11:22
wanted 15:6
16:12,21 17:1
18:19
weather 25:22
website 4:16 5:17
31:5 52:2
week 35:3,5
weekly 50:2
weight 52:2
well-managed
9:7
Wells 16:3
Western 13:3
white 24:11
white-owned
24:15,18
widely 56:2
width 48:24,25
wildly 11:12
willingness
29:14
wishing 4:18

women-owned
50:24
words 42:15
work 15:1 23:9
26:1 32:11 38:6
39:13 40:5 46:8
54:8 55:5
worked 15:3 17:4
51:10,11 54:23
working 4:9 37:3
40:13 55:1
worth 42:11 47:15
write 49:5 55:1
written 5:8 6:21
18:17 20:15 33:20
34:18 42:20 56:9
59:1
wrote 30:16

Y

year 6:9 7:10
12:10 15:25 27:25
43:21
years 5:25 6:7,9
9:2 13:8,10,15
20:9 45:4 51:19
York 13:7 23:15
53:6 57:2,3

Z

Zoom 2:16 4:1,19