



Rabo AgriFinance

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VIA E-MAIL

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Re: Comments to Proposed Regulations – PRO 01/18 – Commercial Financing
Disclosure Regulations (SB 1235)

Rabo AgriFinance LLC (“RAF”) submits these comments to alert the Department of Financial Protection and Innovation (the “Department”) to the impacts that the proposed rules could have on California farmers. RAF is a subsidiary of Coöperatieve Rabobank U.A. (“Rabobank”), a Dutch multinational banking and financial services company headquartered in Utrecht, Netherlands. Rabobank is a global leader in food and agriculture financing and sustainability-oriented banking. It operates a branch in New York and is treated as a bank holding company for purposes of section 8 of the International Banking Act of 1978 (12 U.S.C. 3106). As discussed below, RAF is engaged in agricultural lending in California and licensed under the California Financing Law.

Farmers are unique and RAF provides a lifeline for many of these farmers through its innovative products, services and loan structures. Because of the business and operational structures of many farmers, RAF loans are often structured with multiple borrowers (which may be comprised of a combination natural persons and legal entities). As drafted, the proposed rules require a signature from all co-borrowers on the disclosure rather than a single or primary borrower on behalf of all borrowers. The operational burden of collecting multiple signatures (up to 10 or more in some instances) could jeopardize RAF's ability to offer financing to California farmers and other members of the agricultural community.

The current version of Section 2057(a)(20) includes a plural reference to primary borrowers as it defines the phrase "person who is presented with a specific commercial financing offer" in the definition of "Recipient" set forth under section 22800, subdivision (n) as the expected primary borrowers on a commercial loan...." While all co-borrowers and other loan parties do sign the final loan documentation, gathering multiple signatures at various points in the loan process is cumbersome, not only for the lender but for the applicant.

RAF respectfully suggests the following amendment to Section 2057(a)(20) of the proposed rule:

(20) the phrase "person who is presented with a specific commercial financing offer" in the definition of "Recipient" set forth under section 22800, subdivision (n), means the expected primary ~~borrowers~~ borrower on a commercial loan, open-ended credit plan, or asset-based lending transaction, sellers in accounts receivable purchase transactions (including factoring), and lessees in lease financing transactions.

Farm Credit System institutions are exempted from the disclosure requirements altogether, while they offer similar products and services to the same agricultural borrowers as RAF. From a fairness perspective, we believe this change preserves the spirit in which the requirements were intended, while allowing RAF to comply and ensure that choice and competition continue to thrive in the marketplace.

We reiterate our appreciation for consideration of comments previously submitted and further appreciate your consideration of these comments.

Very truly yours,

Greg Hoover