



STATE OF CALIFORNIA

**Department of Financial Protection and Innovation**

GOVERNOR **Gavin Newsom** • ACTING COMMISSIONER **Christopher S. Shultz**

**NOTICE OF SECOND MODIFICATIONS TO PROPOSED REGULATIONS  
UNDER DIVISION 9.5 OF THE CALIFORNIA FINANCIAL CODE  
PRO 01/18**

**Commercial Financing Disclosure Regulations**

**To Interested Persons:**

On September 11, 2020, the Commissioner of Financial Protection and Innovation (Commissioner; then the Commissioner of Business Oversight) published a Notice of Rulemaking Action to adopt regulations under Division 9.5 of the California Financial Code to implement Senate Bill 1235 (Chapter 1011, Statutes of 2018). SB 1235 requires a “provider” – a person who extends a specific offer of “commercial financing” (as defined in Financial Code section 22800, subdivision (d)) to a recipient – to give the recipient certain disclosures at the time the provider extends the offer. SB 1235 mandates the Department to draft regulations implementing the specific requirements of the disclosures to be provided to recipients, including: definitions, methods of calculation for certain disclosure items, the method of expressing the annualized rate disclosure, the time, manner and format of the disclosures, and many other details. On November 9, 2020, the Commissioner also held a public hearing for interested persons to orally comment on the proposed regulations. On April 7, 2021, in response to public comments, the Commissioner proposed modifications to the initially proposed text.

After consideration of public comments to the initial proposed text on September 11, 2020, and modifications to the proposed text on April 7, 2021, the Commissioner is now proposing additional modifications. A copy of the proposed modifications is being made available to the public in accordance with the requirements of Government Code section 11346.8, subdivision (c). The text showing the proposed modifications is attached. The proposed additions to the rules as proposed on April 7, 2021 are shown in single underline, and the proposed deletions to the rules as proposed on April 7, 2021 are shown in single strikethrough. A double-strikethrough reflects that language has been moved to a different part of the regulation. A double-underline reflects that the language was previously located in a different part of the regulation. The public may submit comments on the proposed changes.

**THE RULEMAKING FILE**

The initial statement of reasons for the proposed action is available on the Department of Financial Protection and Innovation’s website at [www.dfpi.ca.gov](http://www.dfpi.ca.gov), and from the Legal Division of the Department of Financial Protection and Innovation. As required by the Administrative Procedure Act, the Legal Division maintains a rulemaking file containing all the information upon which the proposal is based.

The rulemaking file is available for public inspection during regular business hours. Comments or inquiries concerning these proposed modifications may be directed to Charlie Carriere at [charles.carriere@dfpi.ca.gov](mailto:charles.carriere@dfpi.ca.gov) and Jesse Mattson at [jesse.mattson@dfpi.ca.gov](mailto:jesse.mattson@dfpi.ca.gov).

#### **COMMENT PERIOD**

Any interested person may submit written comments regarding these modifications by written communication addressed as follows:

Commissioner of Financial Protection and Innovation  
Attn: Sandra Sandoval, Regulations Coordinator  
300 South Spring Street, 15<sup>th</sup> Floor  
Los Angeles, CA 90013

Written comments may also be sent by electronic mail to [regulations@dfpi.ca.gov](mailto:regulations@dfpi.ca.gov) with a copy to [charles.carriere@dfpi.ca.gov](mailto:charles.carriere@dfpi.ca.gov) and [jesse.mattson@dfpi.ca.gov](mailto:jesse.mattson@dfpi.ca.gov).

Comments will be received from August 9, 2021 through August 24, 2021. **The last day to submit comments is August 24, 2021.** Comments received after August 24, 2021 will not be considered. Please note that the proposed modifications are not yet effective and will not be effective until approved by the Office of Administrative Law and filed with the Secretary of State in accordance with Government Code section 11349.3.

Dated: August 9, 2021  
Sacramento, California