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September 17, 2021

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

By e-mail to
regulations@dfpi.ca.gov

**Re: Invitation For Comments On Proposed Rulemaking Under the California
Consumer Financial Protection Law: Commercial UDAAP (Pro 02-21)**

Dear Ms. Sandoval,

This letter is submitted on behalf of my clients to in response to the Invitation for Comments on Proposed Rulemaking Under the California Consumer Financial Protection Law: the proposed addition of Subchapter X, related to small businesses, nonprofits, and family farms to Title 10 of the California Code of Regulations, and the proposed approach toward defining unfair, deceptive, and abusive acts and practices in connection with commercial financing, issued by the Department of Financial Protection and Innovation on August 18, 2021 (the “Proposal”). I am an attorney practicing in the area of consumer and commercial finance in the California market. I represent or advise nearly 100 corporate entities operating in that space. This client base consists primarily of commercial lenders, many of which are most active in the so-called small commercial finance space: financing in amounts ranging from \$50,000 to \$2,000,000. The clients’ commercial lending activities include financing that is unsecured, secured by personal property, and secured by real property. I do not currently represent any mortgage lenders, as that term is defined in the CF Law. Approximately 70 of those entities currently hold one or more California Finance Lender (“CFL”) licenses. Three or four of those entities currently have active applications for CFL licenses pending. Ten or twelve of those entities have recently surrendered some or all of their CFL licenses and either left the California market or pivoted their business models away from CF Law-regulated activities. As this letter is submitted in the collective interests of those clients, it will use the first person plural to set forth our comments to the Proposal.

We understand that the California Financial Service Providers (“CFSP”) has submitted comments on the Proposal. We fully endorse and reiterate CFSP’s comments, believing that they summarize our positions on the Proposal well and fully.

Thank you very much for the consideration of these comments.

Sincerely,

/s/ *R. P. Soter, Jr.*

R. Paul Soter, Jr.