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October 26, 2021

Via Email and Hand Delivery

Commissioner of Financial Protection and Innovation  
Attn: Sandra Sandoval, Regulations Coordinator  
300 South Spring Street, 15th Floor  
Los Angeles, CA 90013  
[regulations@dfpi.ca.gov](mailto:regulations@dfpi.ca.gov)

Re: Notice of Modifications to Proposed Regulations Under Division 9.5 of the California Financial Code PRO 01/18 - Commercial Financing Disclosure Regulations (SB 1235)

Dear Ms. Sandoval:

The comment set forth below is provided in connection with the *Notice of Third Modifications to Proposed Regulations Under Division 9.5 of the California Financial Code (PRO 01-18)* published on October 12, 2021 (the "Comment Request"), by the California Department of Financial Protection and Innovation ("DFPI") as it relates to certain commercial financing disclosures to be provided by providers of commercial credit (the "Proposed Disclosures").

Based upon our continuing review of the current requirements related to the Proposed Disclosures, we suggest that the DFPI revise Section 910(a)(9)(A), *Closed-End Transaction Formatting and Content Requirements*, to read as follows:

(A) If, at any time during the term of the transaction, prepayment of the outstanding balance due will require the recipient to pay charges other than interest accrued since the recipient's last payment, the following statement: "If you pay off the financing before the end of the term, you will be required to pay all or a portion of the finance charge other than accrued and unpaid interest, up to \$[maximum non-interest finance charge]."

This language directly replicates that set forth in proposed Section 915(a)(9)(A), *Formatting and Content Requirements for Lease Financing*, and would take into account fees and charges that may

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A limited liability partnership including professional corporations

Ms. Sandra Sandoval

October 26, 2021

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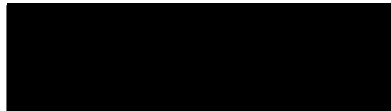
be assessed in connection with certain closed-end commercial financing transactions including, for example, a document fee that is assessed by a lender and treated as a “finance charge” in accordance with Section 943(a). We feel this proposed revision clarifies that accrued and unpaid interest would also be due in certain instances involving the prepayment of a closed-end credit transaction, where in the current draft that concept is excluded.

We understand that this proposed revision is outside of the DFPI’s normal consideration given that the provision in Section 910 noted above was not considered in the Comment Request. However, this need for this further revision of Section 910 was raised by our clients in connection with efforts to begin the programmatic changes needed to make the required disclosures as of the effective date of the final regulations that will implement Division 9.5 of the California Financial Code.

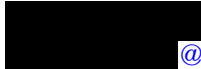
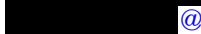
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We appreciate the opportunity to provide the information set forth above in connection with the Comment Request. If you have any questions upon your review of the information contained in this comment letter, please do not hesitate to contact me at the number listed above.

Sincerely,

A solid black rectangular box redacting the signature of Christina J. Grigorian.

Christina J. Grigorian

cc: @dfpi.ca.gov  
@dfpi.ca.gov