



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

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

**NOTICE OF FOURTH 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. On August 9, 2021, in response to public comments to the first notice of modifications, the Commissioner proposed modifications to the April 7, 2021 version of the text. On October 12, 2021, the Commissioner proposed additional modifications to the August 9, 2021 version of the text.

After consideration of public comments to the initial proposed text on September 11, 2020, the modifications to the proposed text on April 7, 2021, the modifications to the proposed text on August 9, 2021, and the modifications to the proposed text on October 12, 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 October 12, 2021 are shown in single underline, and the proposed deletions to the rules are shown in single strikethrough. The public may submit comments on the proposed changes.

Pursuant to Executive Order N-08-21, issued June 11, 2021, rulemakings published in accordance with Government Code section 11346.4, subdivision (a)(5) prior to June 30, 2021 have extended Administrative Procedure Act deadlines as set forth in Executive Order N-40-20. Among other extensions, Order N-40-20 extended the one-year deadline for rulemaking actions, established under Government Code section 11346.4, subdivision (b), by 120 days.

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, 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 and Jesse Mattson at 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, 15th Floor
Los Angeles, CA 90013

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

Comments will be received from November 5, 2021 through November 22, 2021. **The last day to submit comments is November 22, 2021.** Comments received after November 22, 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: November 5, 2021
Sacramento, California