



CALIFORNIA COMMUNITY
BANKING NETWORK

August 3, 2022

Department of Financial Protection and Innovation
Attn: Sandra Navarro, Legal Division
2101 Arena Boulevard
Sacramento, CA 95834
Via Email: regulations@dfpi.ca.gov, samuel.park@dfpi.ca.gov

RE: Proposed California Consumer Financial Protection Law Rulemaking: Commercial Financing to Small Business, Nonprofits, and Family Farms (PRO 02-21)

Dear Ms. Navarro,

The California Community Banking Network (CCBN) appreciates the opportunity to provide comments on the Department of Financial Protection and Innovation's (DFPI) proposed California Consumer Financial Protection Law (CCFPL) regulations related to Small Businesses, Nonprofits and Family Farms.

We are the California Community Banking Network (CCBN). Our goal is to make our communities better places to live. We love and serve community banks and supporters of community banks. Community bankers are our Mainstreet heroes; they support the local economy, fund small businesses, reinvest dollars back into the community, and uphold sound and ethical practices. Our network members are all over the state and we represent the more than 40 institutions who wear the name 'community banker' proudly.

AB 1864 (Limon, Chpt. 157, 2020) exempts state-chartered banks, national banks, and most existing DFPI licensees from the CCFPL. The broad definition of "covered provider" in DFPI's proposed CCFPL rulemaking related to Commercial Financing to Small Business, Nonprofits and Family Farms does not appear to exclude state-chartered banks. Because of the exemption for banks in the CCFPL, state-chartered banks should not be included in the definition of "covered provider". Such an inclusion would go against statute and require state-chartered banks to file a report with DFPI that includes detailed information related to commercial loans. This information would include, by type of commercial financing or other financial product or service:

- the number and total dollar amount of transactions for the prior calendar year with small businesses, nonprofits, and family farms,
- the total number of transactions for the prior calendar year with small businesses, nonprofits, and family farms for financing over \$500,000, over \$250,000 but under \$500,000, over \$100,000 but under \$250,000, over \$50,000 but under \$100,000, over \$25,000 but under \$50,000, over \$10,000 but under \$25,000, and at or less than \$10,000, and
- the minimum, maximum, average, and median total dollar cost of the financing at an annual rate for each of the aforementioned intervals.

As we expressed in our comment letter dated September 13, 2021, community banks are small institutions that do not have the resources to prepare and submit such detailed reports. Many community banks have very small staffs and must dedicate their time to working with local businesses and serving their communities. Imposing any new data collection and reporting requirements on community banks will harm small-business lending at the very time local businesses are working to recover from the COVID-19 pandemic.

Further, Section 1071 of the Dodd-Frank Act, as proposed, will require CFPB to implement data collection and reporting requirements for small-business lending. Given this overlap, and the fact that the CCFPL as passed by the Legislature exempts national and state-chartered banks, **we urge DFPI to exempt community banks from the proposed small business protections regulation.** A robust community bank exemption will ensure California's community banks can focus on helping small businesses recover and sustain their operations amidst and beyond the COVID-19 Pandemic.

If you have any questions, please contact our Sacramento lobbyist, Lindsay Gullahorn with Capitol Advocacy, at [REDACTED]

Respectfully,

[REDACTED]

Jeff DeVine
CCBN Director
President & CEO
American Riviera Bank

CC: Chlothilde Hewlett, Commissioner, DFPI

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