



August 30th, 2018

SENATE FLOOR ALERT

SB 1235 (Glazer) – Commercial Financing Disclosures
SUPPORT as amended on August 24th, 2018

As companies and nonprofits serving California small businesses, we register **OUR STRONG SUPPORT** for SB 1235. We are a broad industry/nonprofit coalition that collectively represents over 500 California small business lenders, fintech companies, advocacy groups, CDFIs, small business service providers, and community organizations, as well as tens of thousands of small businesses. We all agree that small businesses deserve the common-sense disclosures in SB 1235.

- In response to widespread calls for transparency standards by industry, advocates, and regulators, SB 1235 would become the first small business financing disclosure law in the country. It would protect California's small businesses and economy, support responsible industry innovation, and set the standard for the rest of the country to follow.
- The bill does not create any limits on what kind of financing can be provided. It simply requires finance companies to disclose the true costs of that financing. Some higher-cost financing companies may oppose disclosure out of fear that small business owners would make different decisions if they saw the rate they would be charged.

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- SB 1235 is designed specifically for small business financing, drawing on the unanimous recommendations of the Conference of State Bank Supervisors' Fintech Industry Advisory Panel "Small Business Working Group," the small business financing research of the Federal Reserve Board of Governors, and the Small Business Borrowers' Bill of Rights.
- The disclosures in SB 1235 are simple to calculate. They are widely used, including by some firms offering variable term products. Informed comparisons are not possible without them.
- SB 1235 would create a level playing field, applying equally across the entire nonbank financing sector. It would correct the advantage financing companies can create by being less than transparent, and the difficulty small businesses face today in comparing their options.

This bill has taken input from industry and advocates and earned our **STRONG SUPPORT**. The amended SB 1235 provides the Department of Business Oversight the flexibility to set disclosure standards based on an open regulatory comment process that includes all stakeholders. Most importantly, it will empower California small businesses in their efforts for access to capital and success.

Sincerely,

Access Plus Capital
 American GI Forum
 ANewAmerica
 Arcata Economic Development Corporation (AEDC)
 Asian Business Association
 Asian Pacific Islander Small Business Program (APISBP)
 Azul
 Business for Good San Diego
 California Asian Chamber of Commerce
 California Association for Micro Enterprise Development (CAMEO)
 California Black Chamber of Commerce
 California Capital Financial Development Corporation
 California Coalition for Rural Housing (CCRH)
 California Hispanic Chambers of Commerce (CAHCC)
 California Reinvestment Coalition (CRC)
 California Resources and Training (CARAT)
 CDC Small Business Finance
 Central Valley Urban Institute
 Centro Legal de la Raza
 Common Capital
 Community Housing Opportunities Corporation (CHOC)
 Consumer Action
 Consumer Advocates Against Reverse Mortgage Abuse (CAARMA)
 Crane Works
 East LA Community Corporation (ELACC)
 Economic Development & Financing Corp. (EDFC)
 El Parajo
 Fair Housing Advocates of Northern California
 Faith and Community Empowerment (FACE)
 Fresno Metro Black Chamber of Commerce
 Funding Circle
 The Greenlining Institute
 Hispanas Organized for Political Equality
 Human Scale Business
 Inland Fair Housing and Mediation Board (IFHMB)
 Invest in Women Entrepreneurs Initiative
 Latino Economic Development Center (LEDC)

Lending Club
 Lighter Capital
 Main Street Launch
 The Marketplace Lending Association (Lending Club, Prosper, Funding Circle, Avant, Marlette Funding, Affirm, Common Bond, Upstart, Peer Street, Lending Point, College Ave, and SoFi)
 Mission Economic Development Agency (MEDA)
 Multifunding
 National Federation of Filipino American Associations (NaFFA)
 Nav
 Northern California Small Business Development Corporation (Nor-Cal FDC)
 Oakland African American Chamber of Commerce Oakland
 Citizens Committee for Urban Renewal Opening Doors Opportunity Fund
 Pacific Asian Consortium in Employment (PACE)
 Pacific Coast Regional Small Business Development Corporation
 Pacific Community Ventures (PCV)
 Public Law Center (PLC)
 The Responsible Business Lending Coalition (Accion, Community Investment Management, Funding Circle, Lending Club, Opportunity Fund, Small Business Majority, and the Aspen Institute)
 Sac Black Biz
 San Francisco African American Chamber of Commerce (SFAACC)
 Scratch
 Small Business California
 Small Business Finance Fund (SBFF)
 Small Business Finance Institute (SBFI)
 Small Business Majority (SBM)
 StreetShares
 Venturize
 Vermont Slauson Economic Development Corporation (VSEDC)
 Women's Economic Ventures (WEV)
 The Woodstock Institute
 Working Solutions
 3 Core