

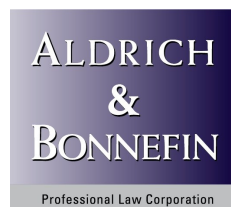
## **Commercial Lending Update**

**NOVEMBER 2018**

### **NEW COMMERCIAL FINANCING DISCLOSURE LAW**

On September 30, 2018, Governor Jerry Brown signed Senate Bill 1235, enacting the commercial finance disclosure law. The law is a first of its kind to require providers, including California Finance Lenders, to disclose certain information to recipients in connection with an extension or offer of commercial financing. Commercial financing includes: (i) accounts receivable purchase transactions; (ii) factoring or asset-based lending; (iii) commercial loans; (iv) commercial open-end credit plans; and (v) lease financings.

In short, when a subject provider offers commercial financing, it must disclose the total amount of funds provided and the financing's total cost, among other things. The law does not apply to real property-secured transactions. Moreover, depository institutions are exempt from this new law.



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