

State Survey of the Standard Commercial Financing Disclosure Laws

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INTRODUCTION¹

The consumerization of commercial financing, particularly small business lending, has proliferated over the past several years. To date, nine states have enacted consumer financial disclosures laws (“CFDL”) that require consumer-like disclosures, among other requirements. Although certain federal consumer protection laws have applied to commercial products and services for decades,² the advent of state CFDLs has created a sea change in the originations processes of small business lending.

This survey examines the nine state CFDLs that have been enacted as of October 2024 in California, Connecticut, Florida, Georgia, Kansas, Missouri, New York, Utah, and Virginia and their applicability to lenders and other credit providers. As further discussed in this survey, while some state CFDLs narrowly apply only to specialized credit products such as sales-based financing and factoring, others apply more broadly and include general commercial financing transactions such as loans and open-end credit plans. For this reason, this survey divides the state CFDLs into two groups: the standard state CFDLs that generally contain similar applicability and substantive requirements in Florida, Georgia, Kansas, Missouri, and Utah (“Standard CFDLs”); and the state CFDLs that contain varied applicability and substantive requirements in California, Connecticut, New York, and Virginia (“Non-Standard CFDLs”).

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1. This survey is one in a series of works covering recent updates in various areas of consumer financial services law. For an overview of the other surveys in this issue of *The Business Lawyer*, see John L. Ropiequet, Eric J. Mogilnicki, Sabrina A. Neff & Christopher K. Odet, *Introduction to the 2025 Annual Survey of Consumer Financial Services Law*, 80 BUS. LAW. 531 (2025) (in this *Annual Survey*).

2. For example, several provisions under the Equal Credit Opportunity Act and its implementing Regulation B apply to both consumer and commercial credit transactions. See 15 U.S.C. §§ 1691, 1691a(e) (2024); 12 C.F.R. § 1002.2 (2024). In addition, the Fair Credit Reporting Act may apply in some instances to commercial credit transactions, such as when an individual acts as guarantor or co-obligor on business credit. See, e.g., 15 U.S.C. § 1681m(a) (2024).

BACKGROUND

The Truth in Lending Act (“TILA”) became the first comprehensive federal law specifically designed to ensure consumers received clear and standardized disclosures about the terms and costs of credit when it was enacted in 1968.³ Fifty years later, California passed Senate Bill 1235, enacting the California Commercial Financing Disclosures Law,⁴ the first state CFDL to require credit disclosures for commercial financing transactions similar to those required under TILA for consumer credit.⁵ However, because the California CFDL’s implementation date was delayed by the California Department of Financial Protection and Innovation (“DFPI”), Virginia’s CFDL became the first state CFDL to take effect on July 1, 2022, while the California law became effective on December 9, 2022.⁶ Three other state CFDLs became effective in 2023 and three more in 2024.⁷ The ninth state CFDL enacted to date, in Missouri, was set to take effect no earlier than February 28, 2025.⁸

THE CFPB’S PREEMPTION DETERMINATION

The Consumer Financial Protection Bureau (“CFPB”) also weighed in on the initial state CFDLs following receipt of a request from the Small Business Finance Association (“SBFA”) in 2021 to determine whether TILA preempts certain provisions in the New York CFDL.⁹ The CFPB determined that commercial financing disclosure laws in California, New York, Utah, and Virginia are not preempted by TILA.¹⁰ The CFPB found that “commercial financing transactions to businesses—and any disclosures associated with such transactions—are beyond the scope of TILA’s statutory purposes, which concern consumer credit.”¹¹ The CFPB’s preemption determination occurred concurrently with the SBFA’s litigation against Clothilde Hewlett, in her official capacity as the Commissioner of the DFPI.¹² The court granted the DFPI’s motion for summary judgment, holding that the CFPB’s determination that conflict preemption did not apply to state CFDLs is afforded a particularly high level of judicial deference.¹³

3. Pub. L. No. 90-321, 82 Stat. 146 (1968) (codified as amended at 15 U.S.C. §§ 1601–1665e (2024)).

4. Cal. S.B. 1235, 2017–2018 Reg. Sess. (Cal. 2018) (codified as amended at CAL. FIN. CODE §§ 22800–22806 (2024)).

5. See CAL. FIN. CODE §§ 22802, 22803.

6. See VA. CODE ANN. §§ 6.2-2228–6.2-2238 (2024).

7. The Utah, Florida, and New York laws took effect in 2023. The Georgia, Kansas, and Connecticut laws took effect in 2024.

8. See S.B. 1359, 102d Gen. Assemb., Reg. Sess. (Mo. 2024). (codified at MO. REV. STAT. § 427.300 (2024)).

9. Letter from Stephen Denis, CEO & Exec. Dir., Small Bus. Fin. Ass’n, to Jocelyn Sutton, Exec. Sec’y, CFPB (Jan. 15, 2021). See Intent to Make Preemption Determination Under the Truth in Lending Act (Regulation Z), 87 Fed. Reg. 76551, 76552 n.17 (Dec. 15, 2022) [hereinafter Preemption Determination].

10. Truth in Lending; Determination of Effect on State Laws (California, New York, Utah, and Virginia), 88 Fed. Reg. 19214, 19219–20 (Mar. 28, 2023).

11. *Id.*

12. Complaint, Small Bus. Fin. Ass’n v. Hewlett, No. 22-cv-08775 (C.D. Cal. Dec. 2, 2022).

13. Small Bus. Fin. Ass’n v. Hewlett, No. 22-cv-08775, 2023 U.S. Dist. LEXIS 219202, at *27 (C.D. Cal. Dec. 4, 2023).

PROPOSED FEDERAL CFDLs

A bill was introduced in the United States House of Representatives in November 2021 that would have enacted the Small Business Lending Act of 2021.¹⁴ The bill would have amended TILA by adding new sections requiring disclosures for small business financing, similar to the requirements in certain state CFDLs.¹⁵ Notably, however, the Small Business Lending Act would not have included any exemptions for banks.¹⁶ Nevertheless, the bill gained little traction and did not make it out of the House Small Business Committee.¹⁷ Similar bills (both cited as the Small Business Financing Disclosure Acts of 2023) were introduced in both the United States House and the Senate; however, neither bill made it out of committee.¹⁸

STANDARD STATE CFDLs

The Standard CFDLs, which include laws in Florida,¹⁹ Georgia,²⁰ Kansas,²¹ Missouri,²² and Utah,²³ generally apply to the same types of transactions and exempt similar entities or types of transactions, with limited variations. This section will summarize the provisions consistent throughout the Standard CFDLs, noting differences and exceptions where applicable.

The Standard CFDLs set forth disclosure requirements for the following types of commercial financing transactions: (1) closed-end commercial loans; (2) commercial open-end credit; and (3) accounts receivable purchase transaction financing, e.g., factoring.²⁴ In addition, to be subject to the Standard

14. H.R. 6054, 117th Cong. (2021).

15. *Id.* This bill was similar to the New York CFDL, exempting transactions over \$2,500,000.

16. *Id.*

17. *Id.* The bill was last discussed on July 13, 2022, in the House Small Business Subcommittee.

18. H.R. 4192, 118th Cong. (2023) (last referred to House Committee on Financial Services on June 15, 2023); S. 2021, 118th Cong. (2023) (last referred to the Committee on Banking, Housing, and Urban Affairs on June 15, 2023).

19. Florida Commercial Financing Disclosure Law, FLA. STAT. §§ 559.961–559.9615 (effective July 1, 2023, with a mandatory compliance date of January 1, 2024).

20. Georgia Commercial Financing Transaction Disclosures, GA. CODE § 10-1-393.18 (effective January 1, 2024).

21. Kansas Financial Disclosure Act, S.B. 345, 90th Leg., Reg. Sess. (Kan. 2023) (to be codified at KAN. STAT. § 75-783) (effective July 1, 2024).

22. Missouri Commercial Financing Disclosure Law, MO. REV. STAT. § 427.300 (effective no earlier than February 28, 2025). The substantive requirements of the Missouri CFDL will take effect upon either: (1) six months after the Missouri Division of Finance finalizes promulgating rules, if it intends to promulgate rules; or (2) February 28, 2025, if the Division does not intend to promulgate rules. MO. REV. STAT. § 427.300(7).

23. Utah Commercial Financing Registration and Disclosure Act, UTAH CODE ANN. § 7-27-101–7-27-301 (initially effective January 1, 2023; revisions under Utah S.B. 25 effective as of May 1, 2024).

24. “Accounts receivable purchase transaction” means a transaction in which a business forwards or otherwise sells to a person all or a portion of the business’s accounts or payment intangibles at a discount to the expected value of the account or payment intangibles. FLA. STAT. § 559.9611(1); GA. CODE § 10-1-393.18(a)(1), (c); MO. REV. STAT. § 427.300(2)(2); UTAH CODE ANN. § 7-27-101(1). For the Standard CFDLs other than Utah, the provider’s characterization of an accounts receivable purchase transaction as a purchase is conclusive that the accounts receivable purchase transaction is not a loan or a transaction for the use, forbearance, or detention of money. FLA. STAT. § 559.9611(1); GA. CODE § 10-1-393.18(a)(1), (c); MO. REV. STAT. § 427.300(2)(2).

CFDLs, the commercial financing transaction must be a “business purpose transaction.”²⁵

The Standard CFDLs do not regulate sales-based financing, general asset-based lending transactions, or financed leases.²⁶ The Florida, Kansas, and Missouri CFDLs generally exempt any commercial financing transaction that is a lease.²⁷ However, the Georgia and Utah CFDLs only expressly exempt true leases, so financed leases may be subject to the CFDL requirements in those states.²⁸ Finally, with the exception of Utah, the Standard CFDLs apply to transactions of \$500,000 or less.²⁹ The Utah CFDL’s dollar amount cap is \$1,000,000.³⁰

APPLICABILITY

The Standard CFDL disclosure requirements apply to a “provider,” generally defined as a person who consummates more than five commercial financing transactions with a business located in the state in any calendar year, and also includes a person who enters into a written agreement with a depository institution to arrange a commercial financing transaction between the depository institution and a business via an online lending platform administered by the person.³¹ However, under the Florida and Missouri CFDLs, the fact that a provider extends a specific offer for a commercial financing transaction on behalf of a depository institution may not be construed to mean that the provider engaged in lending or financing or originated that loan or financing.³²

In addition, the Standard CFDLs do not apply to, among others:

- (1) A provider that is a depository institution or its subsidiaries, affiliates, holding companies, or service corporations.³³ This banking exemption varies slightly under each Standard CFDL, which may impact its application to bank affiliates.³⁴

25. For purposes of determining whether a transaction is a “business purpose transaction,” the provider may rely on any written statement of intended purpose signed by the business. FLA. STAT. § 559.9611(1); GA. CODE § 10-1-393.18(a)(1), (c); MO. REV. STAT. § 427.300(2)(2); UTAH CODE ANN. § 7-27-101(1). The statement may be a separate statement or may be contained in an application, agreement, or other document signed by the business or the business owner or owners. FLA. STAT. § 559.9611(6); GA. CODE § 10-1-393.18(a)(5); MO. REV. STAT. § 427.300(2)(5); UTAH CODE ANN. § 7-27-101(4).

26. FLA. STAT. § 559.9611(1), (6–8); GA. CODE § 10-1-393.18(a)(1), (6–8); KAN. STAT. § 75-783(b)(2), (9–11); MO. REV. STAT. § 427.300(2)(2), (7–9); UTAH CODE ANN. § 7-27-101(1), (5–7).

27. FLA. STAT. § 559.9612(3)(b); KAN. STAT. § 75-785(c)(2); MO. REV. STAT. § 427.300(4)(4)(b).

28. GA. CODE § 10-1-393.18(b)(7); UTAH CODE ANN. § 7-27-102(7).

29. FLA. STAT. § 559.9612(7); GA. CODE § 10-1-393.18(b)(11); KAN. STAT. § 75-785(g); MO. REV. STAT. § 427.300(4)(9).

30. UTAH CODE ANN. § 7-27-102(11).

31. FLA. STAT. § 559.9611(10); KAN. STAT. § 75-783(16); MO. REV. STAT. § 427.300(2)(13); GA. CODE § 10-1-393.18(d); UTAH CODE ANN. § 7-27-102(9).

32. FLA. STAT. § 559.9611(10); MO. REV. STAT. § 427.300(2)(13).

33. FLA. STAT. § 559.9612(1); GA. CODE § 10-1-393.18(b)(1), (2); KAN. STAT. § 75-785(a); MO. REV. STAT. § 427.300(4)(2); UTAH CODE ANN. § 7-27-102(1–2).

34. For example, Utah exempts only depository institutions and subsidiaries to the extent that they are regulated by a federal banking agency. UTAH CODE ANN. § 7-27-102(1–2).

- (2) A commercial financing transaction that is secured by real property.³⁵
- (3) A commercial financing transaction that is a purchase-money obligation.³⁶
- (4) A commercial financing transaction in which the recipient is a motor vehicle dealer or a vehicle rental company (or an affiliate of either), pursuant to a commercial loan or commercial open-end credit plan of at least \$50,000.³⁷
- (5) A commercial financing transaction offered in connection with the sale or lease of products or services that such person manufactures, licenses, or distributes, or whose parent company or any of its directly or indirectly owned and controlled subsidiaries manufactures, licenses, or distributes.³⁸
- (6) A provider that is licensed as a money transmitter under state law.³⁹
- (7) A provider that consummates no more than five commercial financing transactions in this state in a twelve-month period.⁴⁰

Georgia and Missouri also exempt from their CFDLs a commercial financing transaction that is a factoring transaction or similar accounts receivable purchase transaction owed to a health care provider because of a patient's personal injury treated by the health care provider.⁴¹

Accordingly, while the scope of the Standard CFDLs appears to apply broadly to all commercial lending products, the list of exemptions significantly narrows down the types of entities and products that would have to comply with these disclosures and other requirements. For example, under the Standard CFDLs, most automotive lenders would be exempt from the requirements due to the specific exceptions for banks, purchase-money lending, lending by captives exempt for financing of affiliates' products, or floorplan loans in excess of \$50,000.

DISCLOSURE REQUIREMENTS

The Standard CFDLs require that a provider that consummates a commercial financing transaction must provide a written disclosure of the terms of the commercial financing transaction at or before consummation of the transaction.⁴² Only one disclosure must be provided for each commercial financing transaction,

35. FLA. STAT. § 559.9612(3); GA. CODE § 10-1-393.18(b)(6), (7), (8); KAN. STAT. § 75-785(c); MO. REV. STAT. § 427.300(4)(4); UTAH CODE ANN. § 7-27-102(4).

36. FLA. STAT. § 559.9612(3); GA. CODE § 10-1-393.18(b)(6), (7), (8); KAN. STAT. § 75-785(c); MO. REV. STAT. § 427.300(4)(4); UTAH CODE ANN. § 7-27-102(4).

37. FLA. STAT. § 559.9612(4); GA. CODE § 10-1-393.18(b)(9), (10); KAN. STAT. § 75-785(d); MO. REV. STAT. § 427.300(4)(5); UTAH CODE ANN. § 7-27-102(9), (10).

38. FLA. STAT. § 559.9612(4); GA. CODE § 10-1-393.18(b)(9), (10); KAN. STAT. § 75-785(d); MO. REV. STAT. § 427.300(4)(5); UTAH CODE ANN. § 7-27-102(9), (10).

39. FLA. STAT. § 559.9612(5); GA. CODE § 10-1-393.18(b)(4); KAN. STAT. § 75-785(e); MO. REV. STAT. § 427.300(4)(7); UTAH CODE ANN. § 7-27-102(4).

40. FLA. STAT. § 559.9612(6); KAN. STAT. § 75-785(f); MO. REV. STAT. § 427.300(4)(8).

41. GA. CODE § 10-1-393.18(b)(12); MO. REV. STAT. § 427.300(4)(6).

42. FLA. STAT. § 559.9613(1); GA. CODE §§ 10-1-393.18(b)(5), 10-1-393.18(e)(1); KAN. STAT. § 75-784(a); MO. REV. STAT. § 427.300(3)(1); UTAH CODE ANN. § 7-27-202(1).

and a disclosure is not required as result of a modification, forbearance, or change to a consummated commercial financing transaction.⁴³

Under the Standard CFDLs, a provider must generally provide a written disclosure of the following information in connection with each commercial financing transaction:

- (1) The “Total Amount of Funds Provided.”
- (2) The “Total Amount of Funds Disbursed,” if less than the amount specified due to any fees deducted or amounts paid to others.
- (3) The “Total of Payments.”
- (4) The “Total Dollar Cost of Financing,” typically calculated by subtracting the total amount paid to the provider from the total amount of funds provided.
- (5) The Payment Schedule or Estimated Payments, i.e., the manner, frequency, and amount of each payment or if the amount of the payments may vary, the manner and frequency of the payments, the estimated amount of the initial payment, a description of the methodology for calculating any variable payment, and the circumstances under which payments may vary.
- (6) A Prepayment disclosure, i.e., whether there are any costs or discounts associated with prepayment, including a reference to the agreement which creates the contractual rights of the parties related to prepayment.⁴⁴

The Kansas and Missouri CFDLs have specific labeling requirements for the disclosures, while the other Standard CFDLs only require the information under each provision without such labeling.⁴⁵ Under the Florida, Missouri, and Kansas CFDLs, a provider that consummates a commercial financing facility may provide the required disclosures based on an example of a transaction that could occur under the agreement.⁴⁶ The example must be based on an account receivable total face amount owed of \$10,000.⁴⁷ Only one disclosure is required for each commercial financing facility, and a disclosure is not required as result of a modification, forbearance, or change to the facility, nor is a new disclosure required each time accounts receivable are purchased under the facility.⁴⁸

BROKER REQUIREMENTS, RESTRICTIONS, AND REGISTRATIONS

Although brokers of commercial financing are not subject to the Standard CFDL disclosure requirements, the Florida, Kansas, and Georgia CFDLs prohibit

43. FLA. STAT. § 559.9613(1); GA. CODE § 10-1-393.18(e)(2); KAN. STAT. § 75-784(a); MO. REV. STAT. § 427.300(3)(1).

44. FLA. STAT. § 559.9613(2); GA. CODE § 10-1-393.18(e)(3); KAN. STAT. § 75-784(b); MO. REV. STAT. § 427.300(3)(2); UTAH CODE ANN. § 7-27-202(2), (3).

45. KAN. STAT. § 75-784(b); MO. REV. STAT. § 427.300(3)(2).

46. FLA. STAT. § 559.9613(3); KAN. STAT. § 75-784(c); MO. REV. STAT. § 427.300(3)(3). The Georgia and Utah CFDLs do not include this option.

47. FLA. STAT. § 559.9613(3); KAN. STAT. § 75-784(c); MO. REV. STAT. § 427.300(3)(3).

48. FLA. STAT. § 559.9613(3); KAN. STAT. § 75-784(c); MO. REV. STAT. § 427.300(3)(3).

brokers from engaging in certain acts.⁴⁹ “Broker” typically includes any person who, for compensation or the expectation of compensation, obtains a commercial financing transaction or an offer for a commercial financing transaction from a third party that would, if executed, be binding upon that third party and communicates that offer to a business located in this state.⁵⁰

These three CFDLs prohibit brokers from engaging in the following acts:

- (1) Assessing, collecting, or soliciting an advance fee from a business to provide services as a broker, with limited exceptions.
- (2) Making or using any false or misleading representation or omit any material fact in the offer or sale of the services of a broker or engage, directly or indirectly, in any act that operates or would operate as fraud or deception.
- (3) Making or using any false or deceptive representation in its business dealings.⁵¹

In Florida, brokers must also not offer brokerage services in any advertisement without disclosing the actual address and telephone number of the business of the broker and the address and telephone number of any forwarding service the broker may use.⁵²

In lieu of the substantive broker conduct provisions, the Missouri CFDL imposes a registration and surety bond requirement for brokers.⁵³ As of January 1, 2023, Utah required registration to engage in a commercial financing transaction as a provider in Utah or with a Utah resident.⁵⁴

REMEDIES

The Standard CFDLs include penalty provisions and enforcement authority for certain violations. Under most Standard CFDLs, the state attorneys general have exclusive authority to enforce the Standard CFDLs.⁵⁵ The state attorneys general may take a variety of different actions, such as receiving and acting on complaints, taking action designed to obtain voluntary compliance with the applicable CFDL, and/or commencing administrative or judicial proceedings to enforce compliance with the applicable CFDL.⁵⁶

Violations of the Standard CFDLs are punishable by a civil penalty of \$500 per incident, not to exceed \$20,000 for all aggregated violations.⁵⁷ A violation of a

49. FLA. STAT. § 559.9614; GA. CODE § 10-1-393.18(f); KAN. STAT. § 75-786.

50. FLA. STAT. § 559.9611(3); GA. CODE § 10-1-393.18(a)(3); KAN. STAT. § 75-783(b)(5)(a). The term “broker” excludes a provider, or any individual or entity whose compensation is not based on or dependent on the terms of the specific commercial financing transaction obtained or offered.

51. FLA. STAT. § 559.9614(1–3); GA. CODE § 10-1-393.18(f)(1–3); KAN. STAT. § 75-786(a–c).

52. FLA. STAT. § 559.9614(4).

53. MO. REV. STAT. § 427.300(5)(1), (6).

54. UTAH CODE ANN. § 7-27-201(1)(a).

55. FLA. STAT. § 559.9615(1); KAN. STAT. § 75-787(d); MO. REV. STAT. § 427.300(6)(4).

56. FLA. STAT. § 559.9615(1); GA. CODE § 10-1-393.18(g).

57. FLA. STAT. § 559.9615(2); GA. CODE § 10-1-393.18(h); KAN. STAT. § 75-787(a); MO. REV. STAT. § 427.300(6)(1).

Standard CFDL after receipt of a written notice of a prior violation from the attorney general is punishable by a fine of \$1,000 per incident, not to exceed \$50,000 for all aggregated violations, arising from the use of the transaction documentation or materials found to be in violation of the Standard CFDL.⁵⁸ The Standard CFDLs do not provide a private right of action against any person or entity based upon compliance or noncompliance with the Standard CFDL,⁵⁹ and violations will not affect the enforceability or validity of the underlying agreement.⁶⁰

In Utah, the Department of Financial Institutions has authority to enforce similar penalties.⁶¹ In addition, the Utah Commissioner of Financial Institutions has authority to enforce penalties and remedies for failure to obtain a required registration.⁶²

NON-STANDARD CFDLs

The Non-Standard CFDLs, which consist of laws from California, New York, Connecticut, and Virginia, contain varied applicability, scope, and substantive requirements. Connecticut and Virginia have the most limited scope of all state CFDLs, applying to only sales-based financing.⁶³ In both states, “sales-based financing” is defined as a transaction that is repaid by the recipient to the provider over time as a percentage of sales or revenue, in which the payment amount may increase or decrease according to the volume of sales made or revenue received by the recipient or according to a fixed payment mechanism (true-up mechanism) that provides for a reconciliation process that adjusts the payment to an amount that is a percentage of sales or revenue.⁶⁴

While the Connecticut CFDL excludes from the definition of “provider” the same entities and types of transactions that are excluded by the Standard CFDLs, with the exception of licensed money transmitters,⁶⁵ the Virginia CFDL contains only narrow exemptions, excluding the following from its scope: a financial institution; any person, provider, or broker that enters into no more than five sales-based financing transactions with a recipient in a twelve-month period; or a single sales-based financing transaction in an amount over \$500,000.⁶⁶ Of the

58. FLA. STAT. § 559.9615(2); GA. CODE § 10-1-393.18(i); KAN. STAT. § 75-787(a).

59. FLA. STAT. § 559.9615(3); GA. CODE § 10-1-393.18(j); KAN. STAT. § 75-787(c); MO. REV. STAT. § 427.300(6)(3).

60. FLA. STAT. § 559.9615(2); GA. CODE § 10-1-393.18(k); KAN. STAT. § 75-787(b); MO. REV. STAT. § 427.300(6)(2).

61. UTAH CODE ANN. § 7-27-301.

62. *Id.* § 7-27-201(2)(e).

63. See CONN. GEN. STAT. § 36a-861(1) (defining “commercial financing” as any extension of sales-based financing by a provider in an amount not exceeding \$250,000, the proceeds of which the recipient does not intend to use primarily for personal, family or household purposes). The Virginia law is entitled Sales-Based Financing Providers, VA. CODE ANN. §§ 6.2-2228 to 6.2-2238 (effective July 1, 2022). A similar definition of sales-based financing is at § 6.2-2228.

64. CONN. GEN. STAT. § 36a-861(8); VA. CODE ANN. § 6.2-2228.

65. CONN. GEN. STAT. § 36a-861(6).

66. VA. CODE ANN. § 6.2-2229.

Non-Standard CFDLs, only Connecticut and Virginia require registration of both providers and brokers.⁶⁷

On the opposite end of the spectrum from Connecticut and Virginia, the California CFDL and the New York CFDL⁶⁸ have the most expansive Non-Standard CFDLs due to their broad scope, narrow exemptions, and increased disclosure requirements. For example, with respect to the applicability of the California CFDL, the statute narrowly defines “commercial financing” consistent with the Standard CFDLs.⁶⁹ However, the regulations imposing the specific disclosure requirements apply more broadly to “closed-end transactions,” which arguably opens the door for regulation of additional products not subject to the California CFDL statute.⁷⁰ The New York CFDL takes a more direct approach, requiring disclosures for the broad term “closed-end financing” in the statute itself.⁷¹ This creates additional compliance hurdles, as the New York CFDL applies to individual commercial financing transactions in an amount of \$2,500,000 or less.⁷² Further, while several of the exemptions under both the California CFDL and the New York CFDL track those in the Standard CFDLs, there are some notable exceptions, including in the exemption for depository or financial institutions, which does not also exempt subsidiaries, affiliates, or related companies.⁷³

In addition to the scoping issues under the California CFDL and the New York CFDL, the disclosure requirements are more burdensome, in both substance and form, requiring among other things a disclosure of the Annual Percentage Rate.⁷⁴ In addition, these Non-Standard CFDLs may also require disclosures like the Itemization of Amount Financed required under TILA.⁷⁵ Due to the complexities of each law, a more detailed examination of the California and New York CFDLs is outside the scope of this survey.

67. CONN. GEN. STAT. § 36a-870(a) (requiring registration for “each provider and commercial financing broker”); VA. CODE ANN. § 6.2-2230 (requiring registration for “every sales-based financing provider and sales-based financing broker”).

68. N.Y. FIN. SERV. LAW §§ 801–812 (McKinney 2023) (effective Jan. 1, 2022).

69. CAL. FIN. CODE § 22800(d)(1).

70. CAL. CODE REGS. tit. 10, § 900(a)(9).

71. N.Y. FIN. SERV. LAW § 801(d).

72. *Id.* § 802(g).

73. CAL. FIN. CODE § 22801(a); N.Y. FIN. SERV. LAW § 802(a).

74. CAL. CODE REGS. tit. 10, §§ 901, 910; N.Y. FIN. SERV. LAW §§ 804(c), 805(c), 806(c).

75. CAL. CODE REGS. tit. 10, § 956.

