SUPPORT AB 2116 (Schiavo) Commercial Financing

Zero "no" votes in the Assembly or Senate Committees

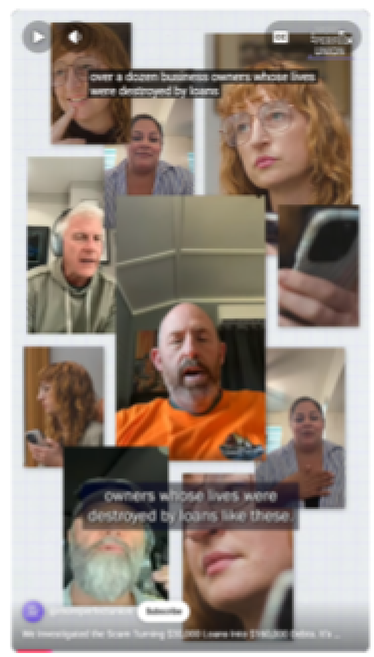
Extensive compromise moved opposition to support and made AB 2116 a better bill

Practices from the subprime mortgage foreclosure crisis are now targeting small business owners. AB 2116 closes loopholes that are allowing California businesses to be preyed on by non-bank financing that the Federal Reserve calls "higher-cost and less-transparent" and the SBA has called "extortionists."

(1) Brings unfair financing practices out of the shadows. While small business *lenders* must get a license, similar financing that purports not to be a loan evades this licensing requirement and operates in the shadows. AB 2116 establishes a level playing field by expanding the CFL license to cover companies selling merchant cash advances as well.

(2) Tames the "Wild West" of small business financing.

- **Broker transparency -** Investigative reports show that subprime mortgage brokers who had their mortgage licenses revoked after the foreclosure crisis moved over to the unregulated world of merchant cash advance small business financing. AB 2116 helps people distinguish between responsible and predatory brokers by requiring brokers to state on their websites the average and max APR they sold to small businesses in the previous year.
- **Stops "Harvey Weinstein clauses"** - Prohibits financing "confidentially clauses" that threaten business owners legally if they reveal that they've been victimized.
- **Fair treatment** - Enables enforcement against financing practices courts determine to be "unconscionable."
- **Closes loopholes** - Including evasions of California's 2022 ban on "confessions of judgement" (SB 688).



A 3-minute video about the need for AB 2116 went viral, with 200,000+ views. (See e.g. YouTube: We Investigated the Scam Turning $30,000 Loans Into $160,000 Debts. It's Killing Small Businesses.)

We are proud to support AB 2116 and urge your "AYE" vote.