

TSL Legislative Alert

SFNet Calls on Non-Bank Members to Oppose New York Disclosure Measure

SFNet member companies who factor or lend to borrowers in the State of New York in an amount of \$500,000 or less per borrower and transact more than 5 deals per year, may be immediately effected by new disclosure legislation which SFNet believes is adverse to our member interests and is quickly making its way through the New York State legislature.

The Assembly Bill known as A.10118-A sponsored by Assemblyman Kenneth Zebrowski (96th District) and its Senate equivalent S.5470-B, may reach the floor of the New York State Assembly as early as next week would require all non-regulated commercial finance companies including ABL lenders and factors to disclose immediately prior to entering in to a credit or factoring agreement the Annual Percentage Rate (inclusive of all fees and costs expressed as a rate) to be charged to the prospective borrower so that the borrower has the ability to better understand pricing and make comparisons to other offers

While it supports transparency, SFNet has argued the APR metric and methodology defined in the Bill is both inappropriate and immeasurable given the structure of our offerings, making it impossible to comply. The legislation is aimed at curtailing certain abusive lending practices, but well established and reputable SFNet Asset Based Lending and Factoring businesses have been swept up in the definitions. The proposed legislation is unforgiving as far as errant assumptions that may be made in calculating APR (which are unavoidable as defined) and there are substantial dollar penalties for each occurrence to be enforced by the State.

SFNet's Advocacy Committee has been working with a well-respected lobbyist for months to try to modify this legislation including many direct conversations between SFNet staff, member companies and the legislators. Our efforts and the efforts of other groups opposed to the bill have had only limited success to date. The following are links to SFNet's initial [Proposed Amendments](#) to the Bill, the Bill as currently drafted [AB 10118](#), and SFNet's Opposition Letter [SFNet Opposition](#) to the final version.

SFNet is calling on its members, particularly local constituents, to contact New York State lawmakers who can be found at <https://nyassembly.gov/mem/> and <https://www.nysenate.gov/senators-committees> or use [NYS Excel Contact List](#) and urge them to vote "no" on Assembly Bill 10118/S5470 due to its adverse impact and to forward the [SFNet Opposition](#) Letter.