

# New York Publishes Proposed Rules on Commercial Financing Disclosures

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On September 14, the New York Department of Financial Services (NYDFS) [published](#) a notice of [proposed rules](#) under New York's Commercial Financing Disclosure Law (CFDL) (we discussed this previous rulemaking in a blog post [here](#)). Under the CFDL, commercial finance companies are required to give consumer-style loan disclosures to potential recipients when a specific offering of finance is extended for certain commercial transactions of \$2.5 million or less. We note some items in particular from the latest proposed rule:

- An additional requirement that if the finance company is operated out of New York, then the New York disclosure law applies to all their transactions, across the entire country, mostly without regard to where the borrower is located or managed from.
- Continued overlap with similar California regulations (we discussed the California regulations in previous blog posts [here](#) and [here](#)). The NYDFS did confirm its [intent](#) to align with California where it is possible.
- An additional notice requirement for the transfer of servicing by the servicer of a commercial financing.

Note that while financial institutions such as banks, trust companies, industrial loan companies, federally chartered savings and loan associations, federal savings banks, or federal credit unions are exempt, there is no exemption for bank subsidiaries in New York and California.

Public comments on the proposed rule are due on or before October 29, 2022.

**Putting It Into Practice:** As the New York regulations continue to come into shape, companies will need to thoroughly review the New York and California regulations to ensure that they prepare and timely deliver compliant disclosure forms in each state.

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