

## Louisiana Becomes Latest State to Introduce Commercial Financing Disclosure Legislation

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On March 1, the Louisiana Senate introduced [SB 335](#), a bill that would place certain disclosure requirements on providers of commercial financing transactions. Specifically, “providers” (defined as persons who consummate more than five commercial financing transactions per year with businesses in Louisiana) would be required to disclose the following in connection with each commercial financing transaction they engage in:

- The total amount of financing provided to the business;
- The net amount of funds disbursed directly to the business;
- The total amount paid to the provider;
- The total dollar cost of the commercial financing transaction;
- The manner, frequency, and amount of each payment; and
- A statement of whether there are any costs or discounts associated with prepayment.

SB 335 would also prohibit certain activities by brokers or those who arrange commercial financing transactions. Specifically, brokers would be prohibited from assessing or soliciting an advance fee from a business to provide services. Brokers would not be prohibited, however, from soliciting a potential business to pay for actual services necessary to apply for a commercial financing transaction, including credit checks or appraisals.

In addition, SB 335 would include exemptions for federally insured financial institutions, commercial financing transactions secured by real estate, commercial financing transactions of more than \$50,000 to motor vehicle dealers, and commercial financing transactions of more than \$500,000.

**Putting It Into Practice:** If passed, SB 335 would become the latest in a series of laws regulating commercial financing transactions which have recently been enacted in other states, including California, Connecticut, Florida, Georgia, New York, Virginia, and Utah (see previous blog

posts [here](#), [here](#), and [here](#)). Various other states are actively considering similar legislation, indicating that the regulatory trend at the state level is likely to continue. Accordingly, commercial finance companies operating in Louisiana should review SB 335, as well as similar laws that have been either enacted or proposed in other states, in order to consider the impact on their business.

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