



May 14, 2021

NORTH CAROLINA INTRODUCES A COMMERCIAL DISCLOSURE BILL

On May 11, 2021, the “Small Business Truth in Financing Act” was introduced in the North Carolina House of Representatives. The proposed legislation requires similar commercial financing disclosure requirements as found in the enacted California and New York commercial financing disclosure laws. See our prior ALERTS dated April 8, 2021; Feb. 17, 2021; Dec. 29, 2020; and Sept. 15, 2020.

Unlike the California and New York laws, the North Carolina legislation requires covered lenders to register with and be subject to examination by the Commissioner of Banks. “Covered lender” is defined broadly to include a person that extends a specific offer of commercial financing to a borrower and a person that presents a specific offer of commercial financing to a borrower on behalf of a third party.

The North Carolina legislation applies to commercial financing transactions in amounts of \$500,000 or less. Financial institutions are exempt from the proposed legislation.

Commercial lenders should be preparing to comply with the California and New York commercial financing disclosure requirements. A separate bill relating to the licensing of commercial finance providers has been introduced in New York. We will continue to track the progress of the North Carolina and other state legislation (like that in Connecticut) and provide more detailed summaries as these legislative efforts progress. If you have any questions or would like assistance with the disclosure requirements, please let us know.



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