

LEGAL UPDATES

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# Alternative Commercial Finance Monthly | January 2025

As we step into a new year, we're excited to introduce a fresh look for our Alternative Commercial Finance blog. Alongside a new monthly publication schedule, we'll be placing a stronger emphasis on upcoming laws, regulations, and guidance that directly impact your business. Additionally, we'll continue to deliver insights on industry trends, proposed legislation, emerging business developments, and other engaging topics within the alternative commercial finance space. Our goal is to keep adding value to your business, and we're eager to embark on this journey with you!

## New and upcoming laws and regulations

### Missouri Commercial Financing Disclosure and Broker Registration Rule

**Effective Date:** February 28, 2025

Missouri's new commercial financing disclosure and broker registration will go into effect next month. The law requires certain commercial finance transactions to be accompanied by a TILA-style disclosure. In addition, and unlike other similar state laws, Missouri's statute requires certain commercial loan brokers to register with the Missouri Division of Finance.

### California Annual Report for Commercial Lenders

**Effective Date:** March 15, 2025

New regulations will require businesses offering commercial financing and other financial services to small businesses, nonprofits, and family farms in California to submit an annual report. This report must detail specific financial

transactions conducted in the prior year. Lenders operating in California should start preparing for compliance now.

## **California Rosenthal Act**

**Effective Date:** July 1, 2025

California will now subject certain commercial finance transactions to the Rosenthal Act, which governs debt collection activities in California. Specifically, the new law expands the act to include commercial debt where the total debt owed to the creditor is no more than \$500,000. Commercial finance companies who are subject to the Rosenthal Act will have to comply with substantial debt collection requirements for certain California transactions.

## **Dodd-Frank 1071**

### **Key dates:**

- **July 18, 2025:** Tier 1 Covered Financial Institutions (i.e. those originating at least 2,500 covered credit transactions in both 2022 and 2023) must begin collecting data.
- **June 1, 2026:** Filing deadline Tier 1 Covered Financial Institutions

This federal law requires covered finance companies to collect and report data related to certain commercial finance applications and originations. The new law aims to assist regulators in detecting purported disparate impact discrimination claims by commercial finance companies under the Equal Credit Opportunity Act. Note also that smaller Covered Financial Institutions will have to begin collecting data under Section 1071 in 2026.

## **The month in review**

### ***The impact of Trump administration regulatory freeze on Dodd-Frank 1071***

The Trump administration's regulatory freeze may have an impact on Dodd-Frank 1071. Specifically, the order provided two requirements, and one recommendation, depending on whether the agency rule had been published in the Federal Register:

First, for rules not issued, or rules not sent to the Office of the Federal Register (OFR), the Trump administration has directed agencies not to propose or issue new rules, or to send any final rules to the OFR "until a department or agency head appointed or designated by the president after noon on January 20, 2025, reviews and approves the rule."

Second, for rules sent to the OFR, but not published, the agency should withdraw the rule for review and approval by a Trump appointed or designated agency head.

Finally, for rules published in the Federal Register, agencies should “consider postponing for 60 days from the date of this memorandum the effective date” in order to “review[] any questions of fact, law, and policy that the rules may raise.” In addition, for published rules, agency heads are encouraged to open up a comment period and to consider further delays.

Notably, Dodd-Frank 1071 has already been published in the Federal Register. Moreover, and somewhat surprisingly, Rohit Chopra – as of the date of this publication – remains the CFPB director. Until (and if) he’s replaced, there is no indication that 1071 will be paused. Of course, we are monitoring the impact of the regulatory freeze on regulations that affect commercial lending and will keep you up to speed if anything changes.

### **Critical insights from Husch Blackwell**

Trump Executive Actions Impacting Renewable Energy

America First: President Trump’s First Week in Trade

Guide for Interacting with Immigration and Customs Enforcement and Other Immigration Agencies at Employer Sites

Key Provisions of the New H-1B Regulations “Modernizing H-1B Requirements, Providing Flexibility in the F-1 Program, and Program Improvements Affecting Other Nonimmigrant Workers”

Nationwide Injunction Halts Enforcement of the Corporate Transparency Act

Robert Romashko Examines Tax Court Jurisdiction Case to be Heard by Supreme Court for Bloomberg Law

CFPB Reboots Policy Statements for No-Action Letters and Compliance Assistance Sandbox Approvals Days Before Administration Change

What We're Watching: State Attorneys General Offices in 2025

### **News you can bank on**

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