

**MCA Funder’s Guide to the
California Commercial Financing Disclosures Law**

This document is provided as general guidance and best practices, and therefore should not be interpreted as legal advice pertaining to any specific funding offer or agreement.

The California Disclosure Law took effect on December 9, 2022.

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Appendices Are provided as Separate Documents

Appendix I. CA Financial Code Division 9.5. Commercial Financing Disclosures [22800 - 22805] (“CA Fin. Code”).

Appendix II. CA Code Reg. Title 10, Chapter 3, Subchapter 3, § 900 et seq., Commercial Financing Disclosures (Cal. Code Regs. title 10, § 900et seq.).

Appendix III. California Disclosure Law Final Statement of Reasons

Appendix IV. RBLC Comments to DFPI CA Disclosure Law Proposed Regulations

California Disclosure Law Checklist

- Is the Merchant’s business principally directed or managed from California? If yes, continue.**
If the address on the Merchant’s application is a California address, the Merchant must provide written representation that the business is not principally directed or managed from California.
- Does the final disbursement to the merchant (or merchant and third-party) exceed \$500,000? If no, continue.**
- Has the ISO broker signed a written agreement to comply with the California Disclosure Law?**
- Calculate the “Amount Financed.”**
- Calculate the “Recipient Funds.” Do you need a separate Itemization of Amount Financed?**
- Calculate “Finance Charge.”**
- Estimate Merchant’s Future Revenue Using the Historical Method or Underwriting Method**
- Calculate the Estimated APR using either “United States Rule Method” or the “Actuarial Method.”**
- Calculate Estimated Total Payment, Estimated Monthly Cost and Estimated Payment.**
- Calculate Payment Terms and Estimated Term.**
- Are there any identified “reasonably anticipated true-ups” for the merchant’s industry?**
- Fill in the required values of the disclosure table in the Offer Summary.**
- Provide the disclosure to the Merchant and broker with every communication of an offer to fund.**
- Provide the disclosures to the Merchant and broker as separate documents from the revenue purchase agreement.**
- Obtain a signature on the FINAL disclosure by the person authorized to sign on behalf of the Merchant (typically the Guarantor(s)).**

This calculator accompanies the Austin LLP MCA Funder's California Disclosure Law Guide

Enter information in the Yellow cells and the output appears in the Blue cells.

Disclosure Entries		Statute Terms		Year= 2023																
	Revenue Purchased	\$1,200.00																		
	Purchase Price	\$1,000.00																		
	Amount Paid to Third-Party or to prior MCA	\$0.00																		
	Origination Fee	\$0.00	Include ALL fees applied at origination																	
	Broker Fee	\$0.00																		
Note - vary the number of payment weeks in order to adjust payment amount																				
	Number of Payment	7	Number of Payment Days	35	Based on Daily (M-F)															
	Merchant Monthly Revenue (four	\$5,000.00	\$4,500.00	\$6,000.00	\$4,500.00															
Offer Summary Row 6	Merchant Average Monthly Revenue Estimate (Historical	\$5,000.00	You may use up to 12 months of income when using the Historical Method. However, but if you use more than four months, you must change the divisor in the output cell formula to the left (currently set to 4)																	
Offer Summary Row 1	Amount Financed	\$1,000.00	Purchase Price minus any fees applied																	
Funding	Recipient Funds	\$1,000.00	Amount Financed minus any third-party or prior funding payoff																	
Note - if the above two cells are different, you must include an Itemization of Amount Financed table along with the Offer Summary																				
APR formula below requires identification of the cells representing payments to be made. Select the cells in the Data for APR Calculation section below.																				
Offer Summary Row 2	Estimated Annual Percentage Rate (APR)	287.68%	APR = ((XIRR (select a series of cells indicating the flow of money, starting with the disbursed amount in the first cell, and a second series of cells indicating the corresponding dates of those payments) +1)^(1/365)-1)*365																	
Offer Summary Row 3	Finance Charge	\$200.00	Revenue Purchased minus Purchase Price																	
Offer Summary Row 4a	Estimated Total Payment Amount	\$1,200.00	Revenue Purchased																	
Offer Summary	Estimated Monthly	\$685.71																		
Offer Summary	Estimated Payment	\$34.29	Based on Daily (M-F) Payments (i.e. , 5 payments per week)																	
Offer Summary	Payment Terms	13.71%	Percent of merchant's daily income purchased																	
Offer Summary	Estimated Term (days)	48	Must be disclosed in "days"																	

Data for APR Calculation

Transaction	Date	The disbursement to merchant and amount of each payment Monday-Friday will auto-populate																	
-\$1,000.00	25-Dec-22	Enter the disbursement date (expected)																	
\$34.29	26-Dec-22	Select the cells where payments are expected to begin																	



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Enter information in the Yellow cells and the output appears in the Blue cells.

2	Disclosure Entries	Statute Terms		Year= 2023															
3		Revenue Purchased	\$306,340.14		Factor	1.499													
4		Purchase Price	\$204,363.00	Input purchase price															
5		Amount Paid to Third-Party or to prior MCA	\$0.00																
6		Origination Fee	\$4,963.00	Include ANY & ALL fees applied at origination, including origination fee, UCC fee, Bank fee, etc.															
7		Broker Fee	\$0.00																
8		Note - vary the number of payment weeks in order to adjust payment amount																	
9		Number of Payment Weeks	36	Number of Payment Days	180	Based on Daily (M-F)													
10																			
11		Merchant Monthly Revenue (four months)	\$225,500.00	\$235,750.00	\$231,500.00	\$222,000.00													
12	Offer Summary Row 6	Merchant Average Monthly Revenue Estimate (Historical)	\$228,687.50	You may use up to 12 months of income when using the Historical Method. However, but if you use more than four months, you must change the divisor in the output cell formula to the left (currently set to 4)															
13																			
14		Note - if the below two cells are different, you must include an Itemization of Amount Financed table along with the Offer Summary																	
15	Offer Summary Row 1 "Funding Provided"	Amount Financed	\$199,400.00	Purchase Price minus any fees applied															
16		Recipient Funds	\$199,400.00	Amount Financed minus any third-party or prior funding payoff															
17		Reverse Distribution	-\$199,400.00	Current amount to be disbursed through reverse consolidation															
18		Check Value	\$0.00	Note - if this value is NOT \$0.00, then the Reverse Distribution in the "Data for APR Calculation" section is incorrect															
19																			
20		APR formula below requires selection in the Formula (C19) of the cells representing all disbursements and payments to be made.																	
21	Offer Summary Row 2	Estimated Annual Percentage Rate (APR)	371.49%	APR = ((XIRR (select a series of cells indicating the flow of money, starting with the disbursed amount in the first cell, and a second series of cells indicating the corresponding dates of those payments) +1)^(1/365)-1)*365															
22																			
23	Offer Summary Row 3	Finance Charge	\$101,977.14	Revenue Purchased minus Purchase Price															
24	Offer Summary Row 4a	Estimated Total Payment Amount	\$306,340.14	Revenue Purchased															
25	Offer Summary	Estimated Monthly	\$36,590.63	Assumes 4.3 weeks per month															
26																			
27	Offer Summary	Estimated Payment	\$1,701.89	Based on Daily (M-F) Payments (i.e., 5 payments per week)															
28	Offer Summary	Payment Terms	16.00%	Percent of merchant's daily income purchased															