



# SMALL BUSINESS BORROWERS' BILL OF RIGHTS

## Small Business Borrowers' Bill of Rights (2.0 Update)

### **Attestation Form and Attestation Worksheet for Lenders and Marketplaces**

In order for a lender or marketplace to become a signatory of the Small Business Borrower's Bill of Rights 2.0, its chief executive must attest that it abides by all practices described in the Small Business Borrowers' Bill of Rights by completing both the **Attestation Form** and the **Attestation Worksheet** below. Once completed, the documents should be emailed to [info@responsiblebusinesslending.org](mailto:info@responsiblebusinesslending.org).

# Small Business Borrowers' Bill of Rights (2.0 Update)

## Attestation Form for Lenders and Credit Marketplaces

### Summary of Attestation

By checking the boxes below, I affirm that my organization actively supports and adheres to the *Small Business Borrowers' Bill of Rights (2.0 Update)* and abides by all of the practices described in the attached Attestation Worksheet:

- The Right to Transparent Pricing and Terms
- The Right to Non-Abusive Products
- The Right to Responsible Underwriting
- The Right to Inclusive Credit Access
- The Right to Fair Collections Practices

Note: You must be able to truthfully check all five boxes to be deemed a Signatory of the Small Business Borrowers' Bill of Rights and thereby eligible to have your organization's logo appear on the Small Business Borrowers' Bill of Rights website, [www.ResponsibleBusinessLending.org](http://www.ResponsibleBusinessLending.org).

### Terms of this Attestation

- a. I have read and understand the *Small Business Borrowers' Bill of Rights (2.0 Update)*.
- b. I have completed the attached Attestation Worksheet, indicating in writing that my organization abides by *all* of the enumerated practices.
- c. By completing this Attestation Form and attesting that my organization abides by *all* of the enumerated practices in the attached Attestation Worksheet, I consent to having this Attestation Form and my organization's logo posted on the Small Business Borrowers' Bill of Rights Website.
- d. I understand that this Attestation Form and my organization's logo may be removed from the Small Business Borrowers' Bill of Rights website if my organization does not complete and submit a satisfactory updated Attestation Form within one calendar year from the date of my signature below, and each successive year thereafter, or if my organization ceases to abide by this Attestation.
- e. I agree, on behalf of my organization, that my organization assents to and will be bound by the Terms of Use for the Small Business Borrowers' Bill of Rights website.
- f. Anyone with questions for my organization regarding this Attestation Form completed by my organization can contact the following individual (include name, title, email address, and phone number):  
Jeremy Huter, Sr Manager Operations, jeremyhuter@fresno.edu.org  
559 267 1277
- g. I attest that the information above is accurate and represents the standard practices for all financing products and services offered through my organization to small businesses. Furthermore, I hereby certify that I am authorized to sign this Attestation Form on behalf of my organization.

Fresno CDFI  
Organization Name

Malia  
Chief Executive Signature

Salam Malia  
Chief Executive Name

5/10/17  
Date

# Small Business Borrowers' Bill of Rights (2.0 Update)

## Attestation Worksheet for Lenders and Marketplaces

In order for an organization to become a signatory it must attest that it abides by the Small Business Borrowers' Bill of Rights (2.0 Update) by having its chief executive complete this worksheet by checking each box below indicating that his or her organization abides by each of the practices set forth below.<sup>1</sup> Questions regarding the form can be directed to [info@responsiblebusinesslending.org](mailto:info@responsiblebusinesslending.org).

### The Right to Transparent Pricing and Terms

- Transparent Rate**
  - Disclose the Annual Percentage Rate (APR) and the annualized interest rate if one is used.
- The disclosure of APR is an addition of this 2.0 Update. The previous version of the Small Business Borrowers Bill of Rights required disclosure of annualized interest rates. An organization that is not already disclosing APRs may nonetheless complete this Attestation by checking this box, but must begin disclosing APRs as described here within 180 days of signing this Attestation. The organization agrees to provide evidence of disclosure of APRs within that time to [info@responsiblebusinesslending.org](mailto:info@responsiblebusinesslending.org).
  - Interest rate is defined as the scheduled or periodic financing cost, other than an upfront cost, expressed as a percentage of the outstanding principal and annualized.
  - APR is the annual rate that is charged for borrowing, expressed as a single percentage number. It includes fees as well as interest rate, and represents the actual yearly cost of funds.
  - Interest rates and APR are a percentage of outstanding principal balance, not of the original financing amount.
  - For lines of credit or other open-ended types of financing, rates must be calculated with reasonable assumptions about use, including assuming that the borrower draws the full amount on the origination date, and makes the minimum payments required.
  - If a rate is promotional or introductory, the term sheet or its equivalent should clearly state this, and how the rate could change in the future.
- No Hidden Fees**
  - Disclose all upfront and scheduled charges.
- Plain-English Terms**
  - Describe all key terms in an easy-to-understand manner, including the loan amount, total amount provided after deducting fees or charges, payment amount and frequency, total monthly payment amount if payment frequency is other than monthly, collateral requirements, and any prepayment charges

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<sup>1</sup>The term "loan" and related terms used here such as "lending" are intended to be interpreted in the broadest sense possible so as to include loans, lines of credit, merchant cash advances, and similar products offered and provided to U.S. small businesses, whether or not such credit products are characterized legally or otherwise as loans. Similarly, the terms "lender" and "borrower" are intended to be interpreted in the broadest sense possible so as to include, in the case of lenders, credit marketplaces that facilitate loans on behalf of lenders, cash advance providers, and all manner of persons providing loans to U.S. small businesses or evaluating the creditworthiness of such small businesses in connection with providing a loan, and, in the case of borrowers, all U.S. small businesses who seek or obtain a loan.

- Clear Comparison
  - Present all of these pricing and other key terms clearly and prominently, in writing, to the borrower when the loan offer is summarized for the borrower and whenever a term sheet, offer summary, or equivalent is provided.

## **The Right to Non-Abusive Products**

- No Debt Traps
  - If a borrower is unable to repay an existing loan, extend new credit only if due diligence indicates that the borrower's situation has changed, enabling them to repay a new loan.
- No "Double Dipping"
  - Do not double-charge the borrower. When refinancing or modifying a loan with a fixed-fee as the primary financing charge, no fees are charged on the borrower's outstanding principal unless there is a tangible cost benefit to the borrower.
- No Hidden Prepayment Charges
  - If a borrower receives no savings, or limited savings, in early payoff, this information is disclosed in the original loan term sheet or offer summary, and again at the time of payoff. For financing with a fixed term, if a prepaying borrower owes a fixed repayment amount or a certain percentage of that amount regardless of when they pay off the financing, this information is disclosed as a prepayment charge. This charge is equal to the remaining financing charge owed at payoff, which is the cost the borrower is paying for the unused portion of the loan.
- Appropriate Product
  - Match loan product design and loan product use. If presenting a loan product as designed for one use, do not encourage borrowing behavior contrary to that use. For example, short-term products may be well suited for short term use, but not for long-term recurring use. Long-term products with prepayment penalties may be well suited for long-term use, but not for short-term needs.
- Pressure Free
  - Allow potential borrowers to consider their credit options free from pressure or artificial timelines.
- Prompt Prepayment Assistance
  - If a borrower seeks to prepay a loan, provide any information required for the prepayment within two business days of the borrower's request.
- Responsive Complaint Management
  - If a borrower complaint is submitted, provide a confirmation of receipt in writing within five days when possible, and research and resolve the issue in a timely manner.

## Clear Notice Regarding Referrals

- If referring a small business to another lender or broker, provide clear notice that a referral is being made. If the lender or broker is not already a signatory of the *Small Business Borrowers' Bill of Rights* and thus has not agreed to clear disclosure and responsible lending practices, inform borrowers that as they move forward they should consider key aspects of any financing offered – the APR, the total payment amount owed monthly (even if payments are made daily or weekly), their ability to pay off any financing they take, and whether they may owe financing charges even if they pay off early.

- The provision of this “clear notice” statement is an addition of this 2.0 Update. An organization that is not already abiding by this requirement may nonetheless complete this Attestation by checking this box, but must begin abiding by this requirement within 180 days of signing this Attestation. The organization agrees to provide evidence of abiding by this requirement within that time to [info@responsiblebusinesslending.org](mailto:info@responsiblebusinesslending.org).

## **The Right to Responsible Underwriting**

### Believe in the Borrower

- Offer financing only with high confidence that the borrower can repay its *entire* debt burden without defaulting or re-borrowing.

### Alignment of Interests

- Lenders who receive repayment directly from the borrower's gross sales must also verify, through documents, data from third parties, and/or due diligence, that the borrower can repay all debt and remain profitable, or that it has a credible path to profitability. Lenders should not make loans that the borrower cannot truly afford, even if the lender can find a way to be repaid.

### Right-sized Financing

- Size loans to meet the borrower's need, rather than to maximize the lender's or broker's revenue. Seek to offer the borrower the size of loan that they need, rather than offering the maximum amount they qualify for.

### Responsible Credit Reporting

- Report loan repayment information to major credit bureaus and consult credit data when underwriting a loan. Such reporting enables other lenders to responsibly underwrite the borrower and helps the borrower build a credit profile that may facilitate access to more affordable loans in the future. Lenders must inform the borrower and any guarantors if they intend to report loan repayment performance to guarantors' credit bureaus only in certain circumstances, such as after a default.

## **The Right to Inclusive Credit Access**

- ☑ Non-Discrimination
  - Respect the letter and intent of fair lending laws, including the Equal Credit Opportunity Act. Do not discriminate against small business owners on the basis of race, color, religion, national origin, sex, marital status, age, sexual orientation or identity, or any other protected class. Lesbian, Gay, Bisexual and Transgender (LGBT) small business owners deserve the same protection when seeking or obtaining credit.

## **The Right to Fair Collection Practices**

- ☑ Fair Treatment
  - Abide by the spirit of the Fair Debt Collection Practices Act and provide borrowers similar protections as described in that Act.
- ☑ Responsible Oversight
  - Diligently vet and oversee the collections practices of third-party collectors and debt buyers.
  - Do not work with collectors or debt buyers who fail to treat borrowers fairly.
- ☑ Accurate Information
  - Transmit accurate, current, and complete information about the loan to third-party collectors and debt buyers.