



Good afternoon Chairman Wilson, Vice Chair Crosby, and Economic Matters Committee members.

I am Levi King.

I represent and work with both parties that this bill would affect: small business owners and financial service providers.

Not only have I been a small business owner for more than 20 years, but I am the co-founder and CEO of Nav, a business credit and financing platform used by more than 3 million small business owners, 67,000 of which reside in this state.

I personally understand the problem of unclear disclosures as an entrepreneur. I've started seven small businesses in my life, and accessed financing over 30 times. It was always the single biggest hassle that I dealt with. I've lived through the pain of trying to figure out complicated financing documents. If you haven't experienced it, it's easy to say: "the borrowers will figure it out. They know what they're doing. Let's just allow the marketplace competition to dictate the winners."

I am writing to you to testify in support of HB693, because I believe deeply in bringing transparency to small business lending and I want to disprove any misinformation that you may have heard.

First, you may hear that APRs are difficult to estimate and calculate. This is completely false.

Estimated APRs can be calculated very easily. My company does it. Lenders we work with do it. And any lender working with small business owners in New York or California are required to do it. It takes *minutes*.

APR is the only calculation we have that allows for a true apples-to-apples cost comparison.

If that forces a lender to explain why their APR is so high, and the difference between short-term and long-term financing, then so be it. The burden of computation should not be the small business owner's to bear.

Lenders can *easily* provide estimated APRs; they just don't want to take the few minutes it takes to do it.

Next, there are grumblings from some lenders that disclosures put their business at risk and will put them out of business.

This is **not** true.

Business owners can and will continue to get high-interest financing products even when APRs are disclosed. Business owners don't turn to these types of financing products because they want to. They need them. And, they will continue to need this option.

Even with transparency and disclosure bills passing in California and New York, Nav has continued to help small business owners get high-interest rate financing products, when needed.

And business owners' options for providers of these financial products haven't dwindled.

As I recall, we had seven MCA lenders in Nav's marketplace prior to the passing of the legislation in California. Today, we have that exact same number of MCA lenders, all still serving residents in California and New York. The financing continues to be available there, but now with more transparency.

Ultimately, I believe business owners should have the right to call their own shots. This isn't about regulating the cost of business loans. If the terms are transparent and the business owner makes a bad decision, then it's on them. To claim educating a small business owner on the true cost of financing is a harm to anyone is simply ridiculous.

So, don't be fooled into believing otherwise.

In closing, I'd like to remind everyone that using APRs isn't a new idea.

As a consumer, when you sign up for any type of financing product, you receive repayment terms presented with an APR. This is required. It has been since 1968 with the passing of the Truth in Lending Act. That was nearly 60 years ago.

When APRs became the standard disclosure in consumer financing, consumers didn't stop using credit cards or taking out loans. In fact, the use of financial products increased. Consumers now had the opportunity to analyze the options equally and pick the product with terms they were willing to accept.

This is not my first time testifying on behalf of a truth and transparency lending bill. I did so back in 2018 in order to help get this to help get the same transparency standards passed in California.

What is being proposed here today isn't revolutionary. It is a standing practice in two states with millions of business owners.

I ask you kindly, put business owners first. They are the heart of Maryland's economy and deserve every single protection we can afford them.

Don't let the opinion of a few lenders who may be simply inconvenienced derail the rights of the more than 600,000 small business owners in Maryland.

I firmly believe that passing this bill will harm absolutely no one. However, not passing this bill allows irreparable damage to the small business community to continue.

Please put small business owners first.

Thank you,

A handwritten signature in black ink, appearing to read 'Levi King', with a stylized, flowing script.

Levi King
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