

February 9, 2026

Representative Scott Conklin
Chair
House Commerce
314 Irvis Office Building
Harrisburg, PA 17120

Representative John A. Lawrence
Republican Chair
House Commerce
105 Ryan Office Building
Harrisburg, PA 17120

RE: Small Business Majority and the Responsible Business Lending Coalition supports House Bill 638, an act amending Title 12 (Commerce and Trade) of the Pennsylvania Consolidated Statutes, in commercial protection, prohibiting confession of judgment provisions.

Dear Chairs Conklin and Lawrence, and Members of the Committee:

Thank you for this opportunity to share comments on behalf of the Responsible Business Lending Coalition (RBLC) and Small Business Majority. We are committed to protecting small businesses from unfair lending practices, which is why we support House Bill 638, which would prohibit confessions of judgements (COJs) in commercial financing.

Small Business Majority is a small business organization that empowers diverse entrepreneurs to build a thriving and equitable economy. We engage our network of small businesses in Pennsylvania to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth. The RBLC represents a consensus combining financing industry, nonprofit and small business voices. The Coalition initiated the movement for commercial financing disclosure in 2015, through the publication of the Small Business Borrowers' Bill of Rights. Together, we represent over 1,000 for-profit financing providers, nonprofit small business lenders and community advocates, and small business groups who have all come together to improve small businesses' financing options.

COJs disenfranchise small business owners as they require borrowers to agree in advance to lose any dispute with a lender. COJs have been connected to a troubling rise in small business borrowers falling prey to this legal action with little recourse—resulting in the loss of not only a borrower's business, but their life savings as well. In fact, the Bloomberg wrote an important story—[“Sign Here to Lose Everything: The Predatory Lending Machine Crushing Small Businesses Across America”](#)—that showcases the very real impacts of COJs. Centuries ago, COJs were intended to help creditors collect on debts without going through a lengthy legal process. Today, however, this particularly nefarious tool is being tucked into some small business loans, requiring borrowers to agree in advance to lose any dispute with a lender. Small business owners often agree to these extremely unfavorable terms because they either do not understand them or are desperate for funding at a time when traditional bank lending to small businesses is increasingly scarce.

Confessions of judgment are already banned at the federal level for consumer loans. In small business financing, these predatory clauses are banned or restricted in states including [Texas](#), [Alabama](#), [New York](#), [Florida](#), and [New Jersey](#). While small businesses in Pennsylvania are being harmed, Pennsylvania must do everything possible to ban COJs.

This legislation would be a significant step forward to protect small businesses from predatory forms of lending, and we hope it is passed swiftly. We urge you to vote yes on HB 638 to protect small businesses across the state.

Sincerely,

Awesta Sarkash
Senior Public Policy Director
Small Business Majority

Louis Caditz-Peck
Executive Director
Responsible Business Lending Coalition