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April 7, 2022

The Honorable John Boozman
United States Senate
Washington, D.C. 20510

The Honorable Kevin Cramer
United States Senate
Washington, D.C. 20510

The Honorable Cynthia Lummis
United States Senate
Washington, D.C. 20510

The Honorable Thom Tillis
United States Senate
Washington, D.C. 20510

Dear Senators Boozman, Cramer, Lummis, and Tillis:

On behalf of community banks across the country, with more than 50,000 locations, I write to express our strong support for the Small LENDER Act (S. 4004), which would mitigate the adverse impact of the implementation of Dodd-Frank Section 1071 on America's small businesses and community banks.

As you know, Section 1071 requires community banks and other financial institutions to collect certain data regarding applications for credit from women-owned, minority-owned, and small businesses, and to report that data to the Bureau on an annual basis. The Consumer Financial Protection Bureau's (CFPB's) notice of proposed rulemaking (NPRM) under Section 1071 is overly broad in its coverage and will uniquely disadvantage the business customers of community banks.

One of ICBA's primary objections to the NPRM is that it would exempt too few community banks and the small businesses they serve. In addition, a longer implementation period is needed to allow community banks to hone and test the systems and procedures used to collect and report data and thereby improve its accuracy. In response to these concerns, S. 4004 would:

- Define a "financial institution" as one that originates at least 500 covered credit transactions for small businesses in each of the two preceding calendar years. (The NPRM set the threshold at 25 a year.)
- Define a "small business" as one with gross annual revenues of \$1 million or less in the most recently completed fiscal year. (The NPRM gross revenue threshold is \$5 million or less.)
- Extend the effective compliance date with the final rule to three years after publication in the Federal Register plus a 2-year grace period. (The NPRM has a compliance date of 18 months with no grace period.)

These provisions would significantly ease the burden of compliance with Section 1071 for community

The Nation's Voice for Community Banks.®

WASHINGTON, DC
1615 L Street NW
Suite 900
Washington, DC 20036

SAUK CENTRE, MN
518 Lincoln Road
P.O. Box 267
Sauk Centre, MN 56378

866-843-4222
www.icba.org

banks and small businesses in pursuit of credit and better protect the privacy of loan applicants. Thank you for introducing these bills. We look forward to working with you to advance them.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

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