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August 18, 2022

The Honorable Scott Fitzgerald
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Fitzgerald:

On behalf of ICBA and the nearly 50,000 community bank locations we represent, I write to thank you for introducing the Making the CFPB Accountable to Small Business Act (H.R. 8443). ICBA strongly supports this legislation which would help to preserve the flow of community bank credit to small businesses and result in more flexible agency rules that take account of the size and compliance resources of small businesses.

H.R. 8443 contains two provisions. First, it would repeal Section 1071 of the Dodd Frank Act, which imposes burdensome and intrusive new data collection requirements on all small business loan applications. Once implemented, Section 1071 will increase the cost of originating small business loans as well as the cost of credit. Importantly, rigid data collection requirements may limit the ability of community banks to tailor loans to meet the unique needs of their small business customers. Small business lending is a complex business that cannot be “commoditized” in the same way as consumer lending. Each small business loan is unique and has customized terms based on an analysis of numerous factors. Moreover, the breadth of the data required to be collected and potentially published may make it possible to identify individual borrowers, compromising their financial privacy.

The second provision of H.R. 8443 will strengthen the regulatory flexibility analysis required by the Small Business Regulatory Enforcement Fairness Act to encourage agencies to tailor requirements for smaller businesses with fewer compliance resources or provide a detailed justification of their determination that the relative size and resources of small businesses should have no bearing on the rule. Before finalizing any rule, the Act would require that agencies describe steps taken to minimize any additional cost of credit for small businesses. If an agency determines that no alternatives to the final rule exist, it must provide a detailed justification for this determination. Requiring these justifications, both in the initial and in the final analysis of any rule, will result more flexible, tailored, and less burdensome regulation for small businesses.

The Nation's Voice for Community Banks.®

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Thank you again for introducing this important legislation. We look forward to working with you to advance it into law.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

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