

April 18, 2023

United States House of Representatives  
Washington, D.C. 20515

Dear Representative:

On behalf of the Independent Community Bankers of America (ICBA), the undersigned state banking associations, and the thousands of community banks we represent, we write to urge your support for H.J.Res. 50, a resolution of disapproval of the Consumer Financial Protection Bureau's (CFPB's) Small Business Loan Application Data Collection Rule. H.J.Res. 50, introduced by Reps. Roger Williams, Andy Barr, and Andy Ogles, would nullify a rule that will create serious unintended consequences for America's community banks and the small businesses they serve.

Section 1071 of the Dodd-Frank Act gives the CFPB discretion to exempt community banks from data collection requirements on small business loan applications. Unfortunately, the Bureau's final rule, issued on March 30, exempts only the lowest volume small business lenders, sets a high threshold for covered small businesses, and requires the collection of eight additional data points not required by statute, bringing the total to 21. Where the final rule could have done much to accommodate community bank small business lending, it will instead create new layers of regulatory burden that will disrupt lending and reduce access to credit.

Customized small business lending is fundamental to the community bank business model. Loan terms are crafted individually to suit borrowers' needs and preferences and give them the best chance at success. Unfortunately, the rule will push lenders to standardize loan features to protect themselves from charges of discrimination. Importantly, minority and women borrowers often benefit from customized lending.

In addition, the new rule will compromise borrower privacy in the small towns and rural communities served by community banks. The breadth of the data required to be collected and potentially published under the new rule may make it possible to identify individual borrowers. Loan offers contain critical business information and reflect the business owner's personal financial position as a guarantor of the loan.

Finally, the new rule will create regulatory compliance costs that disproportionately impact community banks. These expenses will necessarily increase the cost of borrowing small businesses rely on to sustain operations and hire and retain workers.

Passage of H.J.Res. 50 will obviate a misguided, economically damaging rule and preserve the flow of credit to American small businesses.

Thank you for your consideration.

Sincerely,

Independent Community Bankers of  
America

Arizona Bankers Association

Alabama Bankers Association

Arkansas Community Bankers

California Community Banking Network	Independent Community Bankers of Colorado
Connecticut Bankers Association	Florida Bankers Association
Community Bankers Association of Georgia	Idaho Bankers Association
Community Bankers Association of Illinois	Indiana Bankers Association
Community Bankers of Iowa	Community Bankers Association of Kansas
Bluegrass Community Bankers Association	Louisiana Bankers Association
Maine Bankers Association	Maryland Bankers Association
Massachusetts Bankers Association, Inc.	Community Bankers of Michigan
BankIn Minnesota	Mississippi Bankers Association
Missouri Independent Bankers Association	Montana Independent Bankers
Nebraska Independent Community Bankers	New Hampshire Bankers Association
New Jersey Bankers Association	Independent Community Bankers Association of New Mexico
Independent Bankers Association of New York State	North Carolina Bankers Association
Independent Community Banks of North Dakota	Community Bankers Association of Ohio
Community Bankers Association of Oklahoma	Oregon Bankers Association
Pennsylvania Association of Community Bankers	Independent Banks of South Carolina
Independent Community Bankers of South Dakota	Tennessee Bankers Association
Independent Bankers Association of Texas	Vermont Bankers Association
Virginia Association of Community Banks	Community Bankers of Washington
Community Bankers of West Virginia	Wisconsin Bankers Association
Wyoming Bankers Association	