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March 20, 2023

The Honorable French Hill
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Blaine Luetkemeyer
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Roger Williams
U.S. House of Representatives
Washington, D.C. 20515

Dear Representatives Hill, Luetkemeyer, and Williams:

On behalf of community banks across the country, with nearly 50,000 locations, I write to express our strong support for your legislation to 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.

Your bills would mitigate different, particularly harmful aspects of the NPRM.

The Small Lenders Exempt from New Data and Excessive Reporting Act (Rep. French Hill)

Rep. Hill's bill focuses on the implementation period for Section 1071 and the loan-volume threshold at which financial institutions would be required to collect and report small business lending data. One of ICBA's primary objections to the NPRM is that it would exempt too few community banks and the small businesses they serve. A longer implementation period will allow community banks to hone and test the systems and procedures used to collect and report data and thereby improve its accuracy. The bill 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.)

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- 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.)

The Business Loan Privacy Act (Rep. Blaine Luetkemeyer)

Rep. Luetkemeyer's bill would require the CFPB to conduct a rulemaking on proposed modifications and deletions to data the Bureau will publish. The purpose of the proposed modifications or deletions would be to protect the privacy of credit applicants. A rulemaking would be a significant improvement over the NPRM which provides for the issuance of a policy statement a full year after the compliance date with no opportunity for public comment. Financial institutions as well as small business credit applicants should have a voice in this important determination and should understand what data will be made public before it is collected.

The Preventing Racial Profiling in Lending Act (Rep. Roger Williams)

This bill would eliminate the NPRM's requirement that loan officers guess the race or ethnicity of a small business credit applicant based on their last name and physical appearance. This requirement is highly problematic. It would undermine the right of a credit applicant not to disclose their race or ethnicity. A loan officer's arbitrary guess would too often be mistaken, thus compromising the collected data.

Taken individually or together, these bills would significantly ease the burden of compliance with Section 1071 for community 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