

Section 1071 – Proposed Rule Summary

Background

Section 1071 is a provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires covered financial institutions (“FI”) to collect and report data on small business lending. On November 13, 2025, the Consumer Financial Protection Bureau (“CFPB”) proposed several revisions to its 2023 finalized rule that implements Section 1071. **The revised rule would dramatically increase the coverage threshold, applying to only financial institutions that originated at least 1,000 small business loans** in each of the two preceding calendar years.

Though not comprehensive, this ICBA-produced summary is intended to provide a baseline understanding of the proposed rule so that you will have a working knowledge of how the rule might affect your operations and so that you can provide feedback directly to the CFPB (comments due December 15, 2025).

Scope of Coverage

Covered financial institution → A financial institution that originates at least 1,000 covered credit transactions in each of the two preceding calendar years. This is an increase from the current threshold of 100 small business loans. The rule also proposes to categorically exempt Farm Credit System Lenders from coverage.

Covered transaction → An extension of business credit that is not otherwise excluded. This includes term loans, credit cards, and lines of credit. The proposed rule would no longer cover agricultural loans, as included in the 2023 final rule. Additionally, small-dollar loans, of \$1,000 or less, are no longer covered transactions.

Small business → a business with gross annual revenue of \$1 million or less for its preceding fiscal year. This is a decrease from the \$5 million threshold set forth in the 2023 rule.

Data Collection and Reporting

Covered FIs are required to compile and maintain data regarding covered applications from small business loan applications. Covered FIs are permitted to reuse previously collected data so long as the data were collected within the 36 preceding months.

The Bureau is proposing to remove several non-statutory data points from the 2023 final rule. The proposed rule removes the following data points from the 2023 version:

1. **Application method** → The means by which the applicant submitted the covered application directly or indirectly to the financial institution.
2. **Application recipient** → Whether the applicant submitted the covered application directly to the financial institution or its affiliate, or to the financial institution via a third party.
3. **Denial reasons** → The principal reason(s) the financial institution denied the application.

-
4. **Pricing information** → The following information regarding the pricing of a covered credit transaction that is originated or approved but not accepted, as applicable
- a. *Interest rate*
 - i. If fixed - report the interest rate that is or would be applicable to the covered credit transaction
 - ii. If adjustable – report the margin, index value, initial rate period expressed in months (if applicable), and index name that is or would be applicable to the covered credit transaction;
 - b. *Total origination charges* → The total amount of all charges payable directly/indirectly by the applicant and imposed directly/indirectly by the financial institution.
 - c. *Broker fees* → The total amount of all origination charges that are fees paid by the applicant directly/indirectly to a broker or to the financial institution for delivery to a broker.
 - d. *Initial annual charges* → The total amount of all non-interest charges that are scheduled to be imposed over the first annual period of the covered credit transaction.
 - e. *Additional cost for merchant cash advances or other sales-based financing* → The difference between the amount advanced and the amount to be repaid, expressed in dollars.
 - f. *Prepayment penalties*
 - i. Report whether the FI has ability to charge prepayment penalty.
 - g. Report whether prepayment penalty clause is included in credit.
5. **Number of workers** → The number of non-owners working for the applicant.

However, there are several data points the Bureau would retain, some of which are not statutorily mandated.

- 1. **Unique identifier** → An alphanumeric identifier, starting with the legal entity identifier of the financial institution, unique within the financial institution to the specific covered application.
- 2. **Application date** → The date the covered application was received or the date shown on a paper or electronic application form.
- 3. **Credit type** → The following information regarding the type of credit applied for or originated:
 - a. *Credit product* - The credit product.
 - b. *Guarantees* - The type or types of guarantees that were obtained or would have been obtained if transaction were originated.
 - c. *Loan term* - The length of the loan term, in months, if applicable.
- 4. **Credit purpose** → The purpose or purposes of the credit applied for or originated.
- 5. **Amount applied for** → The initial amount of credit or the initial credit limit requested by the applicant.

-
6. **Amount approved or originated**
 - d. *Closed-end approved; not accepted* – report the amount approved by the FI
 - e. Closed-end originated – report the amount of credit originated;
 - f. Open-end that is originated/approved; not accepted – report the amount of the credit limit approved.
 7. **Action taken** → Reported as originated, approved but not accepted, denied, withdrawn by the applicant, or incomplete.
 8. **Action taken date** → The date of the action taken by the financial institution.
 9. **Census tract** → The census tract in which is located (waterfall requirement based on order):
 - g. The address or location where the proceeds of the credit applied for or originated will be or would have been principally applied; or
 - h. If location of where proceeds will be applied is **unknown**, then the address or location of the main office or headquarters of the applicant; or
 - i. If location of where proceeds will be used and location of borrower's headquarters are both **unknown**, then another address or location associated with the applicant.
 10. **Gross annual revenue** → The applicant's gross annual revenue for its preceding fiscal year
 11. **NAICS code** (*not statutorily mandated*) → A 3-digit North American Industry Classification System (NAICS) code for the applicant.
 12. **Time in business** (*not statutorily mandated*) → Time the applicant has been in business.
 13. **Minority-owned or women-owned statuses** → Whether the applicant is a minority-owned or women-owned. *However*, the Bureau is proposing to remove LGBTQI+ status.
 14. **Ethnicity, race, and sex of principal owners** → The ethnicity, race, and sex of the applicant's principal owners.
 15. **Number of principal owners** (*not statutorily mandated*) → The number of the applicant's principal owners.

Enforcement Safe Harbor

Financial institutions that mistakenly collect demographic data will not be in violation if they reasonably believed the application was from a small business seeking a covered credit transaction.

Compliance Dates and Transitional Rules

- Institutions with 1,000+ small business originations in 2026 and 2027 **must comply starting Jan 1, 2028**.
- Institutions that cross the 1,000-transaction threshold later comply the year after qualifying, but not before Jan 1, 2029.
- Early collection of demographic data permitted (not required) 12 months before the compliance date.
- If institutions cannot determine their small-business origination counts for 2026–27, they may use reasonable estimation methods.