

Table of Contents for Proposal Regarding Small Business Lending Data Collection

Sept. 1, 2021 proposal to implement the small business
lending data collection requirements set forth in section 1071
of the Dodd-Frank Act

(Docket No. CFPB-2021-0015, RIN 3170-AA09)



Consumer Financial
Protection Bureau

I. Summary of the Proposed Rule	3
II. Background	12
Overview.....	13
A. Small Businesses in the United States.....	19
B. Existing Data on Small Business Lending.....	23
C. The Landscape of Small Business Finance.....	28
D. Estimating the Size and Scope of the Small Business Financing Market..	35
E. Challenges for Women-Owned and Minority-Owned Small Businesses...	48
F. The Purposes and Impact of Section 1071.....	52
1. Facilitating Enforcement of Fair Lending Laws.....	52
i. Equal Credit Opportunity Act (ECOA).....	53
ii. Home Mortgage Disclosure Act (HMDA).....	55
iii. Fair Housing Act (FHA).....	56
iv. Other Fair Lending Laws	58
v. Facilitating Enforcement.....	59
2. Identifying Business and Community Development Needs.....	61
i. Community Reinvestment Act (CRA).....	62
ii. Community Development Financial Institution Fund (CDFI Fund)	65
3. Potential Impact of Section 1071 Data	66
4. Bureau Priorities	68
III. Outreach	69
IV. Legal Authorities	75

V. Section-by-Section Analysis79

Overview.....	79
A. Overview of Section 1071.....	79
B. Section 1071 in the context of HMDA.....	80
C. Summary of the Proposed Rule	83
1. General Provisions (§§ 1002.5(a)(4), 1002.101, and 1002.102) ..	84
2. Coverage (§§ 1002.103 through 1002.106)	85
3. Compiling, Maintaining, and Reporting 1071 Data (§§ 1002.107 through 1002.111)	87
4. Other Provisions (§§ 1002.112 through 1002.114)	90
D. High-Level and General Comments on the SBREFA Outline	92
E. Cross-Cutting Interpretive Issues	100
1. The Bureau’s Approach to Non-Small Women-Owned and Minority-Owned Businesses in this Rulemaking.....	100
2. The Meaning of “information requested pursuant to subsection (b)”	108
3. No Collection of Small Business Status as a Data Point.....	112
F. Conforming Amendments to Existing Regulation B.....	114
Subpart A—General	115
Section 1002.5 Rules Concerning Requests for Information.....	115
5(a) General Rules.....	115
5(a)(4) Other Permissible Collection of Information.....	115
Subpart B—Small Business Lending Data Collection	123
Section 1002.101 Authority, Purpose, and Scope	123
Section 1002.102 Definitions	123
102(a) Affiliate.....	125
102(b) Applicant.....	126
102(c) Business.....	127

102(d) Business Credit.....	127
102(e) Closed-End Credit Transaction.....	129
102(f) Covered Application	129
102(g) Covered Credit Transaction	129
102(h) Covered Financial Institution	130
102(i) Credit	130
102(j) Dwelling	130
102(k) Financial Institution.....	132
102(l) Minority Individual.....	132
102(m) Minority-Owned Business	135
102(n) Open-End Credit Transaction.....	139
102(o) Principal Owner.....	140
102(p) Small Business.....	143
102(q) Small Business Lending Application Register.....	144
102(r) State.....	144
102(s) Women-Owned Business.....	145
Section 1002.103 Covered Applications.....	149
103(a) Covered Application	150
103(b) Circumstances That Are Not Covered Applications.....	162
Section 1002.104 Covered Credit Transactions and Excluded Transactions.....	172
104(a) Covered Credit Transaction	172
104(b) Excluded Transactions.....	190
Section 1002.105 Covered Financial Institutions and Exempt Institutions.....	221
105(a) Financial Institution.....	222
105(b) Covered Financial Institution	225

Section 1002.106 Business and Small Business.....	253
106(a) Business	254
106(b) Small Business.....	256
Section 1002.107 Compilation of Reportable Data	284
107(a) Data Format and Itemization.....	284
107(a)(1) Unique Identifier	298
107(a)(2) Application Date.....	303
107(a)(3) Application Method.....	305
107(a)(4) Application Recipient.....	308
107(a)(5) Credit Type	312
107(a)(6) Credit Purpose.....	325
107(a)(7) Amount Applied For.....	330
107(a)(8) Amount Approved or Originated.....	339
107(a)(9) Action Taken.....	345
107(a)(10) Action Taken Date	352
107(a)(11) Denial Reasons.....	354
107(a)(12) Pricing Information.....	359
107(a)(13) Census Tract	389
107(a)(14) Gross Annual Revenue	399
107(a)(15) NAICS Code	406
107(a)(16) Number of Workers.....	410
107(a)(17) Time in Business.....	415
107(a)(18) Minority-Owned Business Status	426
107(a)(19) Women-Owned Business Status	434
107(a)(20) Ethnicity, Race, and Sex of Principal Owners.....	441
107(a)(21) Number of Principal Owners	469

107(b) Verification of Applicant-Provided Information	472
107(c) Time and Manner of Collection.....	475
107(c)(1) In General.....	475
107(c)(2) Previously Collected Data	485
Section 1002.108 Firewall	487
Section 1002.109 Reporting of Data to the Bureau.....	503
109(a) Reporting to the Bureau.....	503
109(a)(1) Annual Reporting	503
109(a)(2) Reporting by Subsidiaries.....	508
109(a)(3) Reporting Obligations Where Multiple Financial Institutions are Involved in a Covered Credit Transaction.....	510
109(b) Financial Institution Identifying Information	513
Paragraph 109(b)(1)	516
Paragraph 109(b)(2).....	517
Paragraph 109(b)(3).....	517
Paragraph 109(b)(4).....	518
Paragraph 109(b)(5).....	518
Paragraph 109(b)(6).....	519
Paragraph 109(b)(7).....	520
Paragraph 109(b)(8).....	520
Paragraph 109(b)(9).....	523
Paragraph 109(b)(10).....	524
109(c) Procedures for the Submission of Data to the Bureau	525
Other Reporting Issues	527
Section 1002.110 Publication of Data.....	527
110(a) Publication of Small Business Lending Application Registers and Associated Financial Institution Information.....	528

110(b) Publication of Aggregate Data.....	529
110(c) Statement of Financial Institution’s Small Business Lending Data Available on the Bureau’s Website and 110(d) Availability of Statements.....	530
Section 1002.111 Recordkeeping	532
111(a) Record Retention.....	533
111(b) Certain Information Kept Separate from the Rest of the Application	535
111(c) Limitation on Personally Identifiable Information Retained under this Section.....	538
Section 1002.112 Enforcement.....	542
112(a) Administrative Enforcement and Civil Liability	543
112(b) Bona Fide Errors	544
112(c) Safe Harbors	548
112(c)(1) Incorrect Entry for Census Tract.....	549
112(c)(2) Incorrect Entry for NAICS Code	550
112(c)(3) Incorrect Determination of Small Business Status	551
112(c)(4) Incorrect Application Date	553
Section 1002.113 Severability	554
Section 1002.114 Effective Date, Compliance Date, and Special Transitional Rules.....	554
114(a) Effective Date and 114(b) Compliance Date.....	555
114(c) Special Transitional Rules.....	560
114(c)(1) Collection of Information Prior to the Compliance Date	560
114(c)(2) Determining Whether a Financial Institution is a Covered Financial Institution for Purposes of this Subpart	561
Appendix E to Part 1002—Sample Form for Collecting Certain Applicant-Provided Data under Subpart B.....	562

Appendix F to Part 1002—Instructions for Collecting and Reporting Small Business Applicants’ Minority-Owned and Women-Owned Business Status under Subpart B	567
Appendix G to Part 1002—Instructions for Collecting and Reporting Ethnicity, Race, and Sex of Small Business Applicants’ Principal Owners under Subpart B	568
Appendix H to Part 1002—Tolerances for Bona Fide Errors in Data Reported under Subpart B.....	569

VI. Public Disclosure of 1071 Data571

A. Introduction.....	571
B. Background.....	572
1. SBREFA Outline	572
2. SBREFA Feedback	573
C. Design, Implementation, and Application of Balancing Test.....	575
1. Balancing Test Design.....	576
2. Implementation of the Balancing Test.....	582
3. Disclosure Benefits.....	586
4. Risks to Privacy Interests	592
i. Re-Identification Risk.....	593
ii. Risk of Harm or Sensitivity.....	602
5. Balancing Risks and Benefits.....	613
6. Preliminary Application of the Balancing Test to Public Application-Level 1071 Data.....	622
i. Unique Identifier.....	623
ii. Application Date.....	626
iii. Application Method and Application Recipient	627
iv. Credit Type	629
v. Credit Purpose	633
vi. Amount Applied For.....	634

vii. Amount Approved or Originated.....	637
viii. Action Taken (Type) and Denial Reasons.....	639
ix. Action Taken Date.....	643
x. Pricing Information.....	645
xi. Census Tract.....	648
xii. Gross Annual Revenue.....	654
xiii. NAICS Code.....	656
xiv. Number of Workers.....	659
xv. Time in Business.....	661
xvi. Minority-Owned Business Status and Women-Owned Business Status.....	664
xvii. Ethnicity, Race, and Sex of Principal Owners and Number of Principal Owners.....	666
xviii. Financial Institution Identifying Information	670
xix. Free-Form Text.....	678

VII. Dodd-Frank Act Section 1022(b)(2) Analysis.....679

A. Statement of Need.....	681
B. Baseline for the Consideration of Costs and Benefits.....	685
C. Basic Approach of the Bureau’s Consideration of Benefits and Costs and Data Limitations	686
1. Analysis with Respect to Consumers and Covered Persons	687
2. Costs to Covered Financial Institutions.....	687
3. Costs to Small Businesses.....	689
4. Benefits to Small Businesses and Covered Financial Institutions...	690
D. Coverage of the Proposed Rule.....	691
E. Methodology for Generating Cost Estimates	696
1. Methodology for Estimating One-time Costs of Implementation of the Proposed Rule.....	701

2. Methodology for Estimating Ongoing Costs of Implementation of the Proposed Rule	707
3. Methodology for Generating Market-level Estimates of One-time and Ongoing Costs	715
F. Potential Benefits and Costs to Covered Financial Institutions and Small Businesses.....	717
1. Benefits to Small Businesses.....	717
2. Benefits to Covered Financial Institutions	721
3. Costs to Covered Financial Institutions	722
i. One-time Costs to Covered Financial Institutions.....	722
ii. Ongoing Costs to Covered Financial Institutions	728
4. Costs to Small Businesses.....	735
5. Alternatives Considered.....	740
G. Potential Impact on Depository Institutions and Credit Unions with \$10 Billion or Less in Total Assets.....	745
H. Potential Impact on Small Businesses in Rural Areas	746
VIII. Regulatory Flexibility Act Analysis	749
A. Small Business Review Panel.....	750
B. Initial Regulatory Flexibility Analysis	754
1. Description of the Reasons Why Agency Action Is Being Considered.....	756
2. Succinct Statement of the Objectives of, and Legal Basis for, the Proposed Rule	758
3. Description of and, Where Feasible, Provision of an Estimate of the Number of Small Entities to Which the Proposed Rule Will Apply.....	760
4. Projected Reporting, Recordkeeping, and Other Compliance Requirements of the Proposed Rule, Including an Estimate of the Classes of Small Entities Which Will Be Subject to the Requirement and the Type of Professional Skills Necessary for the Preparation of the Report.....	764

5. Identification, to the Extent Practicable, of All Relevant Federal Rules Which May Duplicate, Overlap, or Conflict With the Proposed Rule	771
6. Description of Any Significant Alternatives to the Proposed Rule Which Accomplish the Stated Objectives of Applicable Statutes and Minimize Any Significant Economic Impact of the Proposed Rule on Small Entities.....	775
7. Discussion of Impact on Cost of Credit for Small Entities	778
IX. Paperwork Reduction Act	780
PART 1002—EQUAL CREDIT OPPORTUNITY ACT (REGULATION B).....	783
SUBPART A—General	783
§ 1002.5 Rules concerning requests for information.	783
SUBPART B—SMALL BUSINESS LENDING DATA COLLECTION	785
§ 1002.101 Authority, purpose, and scope.....	785
§ 1002.102 Definitions	786
§ 1002.103 Covered applications.....	787
§ 1002.104 Covered credit transactions and excluded transactions.....	788
§ 1002.105 Covered financial institutions and exempt institutions.	788
§ 1002.106 Business and small business.....	789
§ 1002.107 Compilation of reportable data.....	789
§ 1002.108 Firewall.....	794
§ 1002.109 Reporting of data to the Bureau.....	796
§ 1002.110 Publication of data.....	798
§ 1002.111 Recordkeeping.....	799
§ 1002.112 Enforcement.	800
§ 1002.113 Severability.....	801
§ 1002.114 Effective date, compliance date, and special transitional rules.....	801

Appendix E to Part 1002—Sample Form for Collecting Certain Applicant- Provided Data under Subpart B.....	803
Appendix F to Part 1002—Instructions for Collecting and reporting Small Business Applicants’ Minority-Owned Business Status and Women- Owned Business Status under Subpart B	805
Appendix G to Part 1002—Instructions for Collecting and reporting Ethnicity, Race, and Sex of Small Business Applicants’ Principal Owners under Subpart B.....	809
Appendix H to Part 1002—Tolerances for Bona Fide Errors in Data Reported under Subpart B	819
Supplement I to Part 1002—Official Interpretations.....	822
Section 1002.5—Rules Concerning Requests for Information.....	822
5(a) General rules.....	822
5(a)(2) Required collection of information.	822
5(a)(4) Other permissible collection of information.....	822
Section 1002.102—Definitions	823
102(j) Dwelling.	823
102(l) Minority individual.....	823
102(m) Minority-owned business.	824
102(o) Principal owner.....	827
102(s) Women-owned business.....	828
Section 1002.103—Covered Applications	830
103(a) In general.	830
103(b) Circumstances that are not covered applications.	833
Section 1002.104—Covered Credit Transactions and Excluded Transactions.....	835
104(a) Covered credit transaction.	835
104(b) Excluded transactions.....	835
104(b)(1) Trade credit.	837

Section 1002.105—Covered Financial Institutions and Exempt Institutions	837
105(a) Financial institution.	837
105(b) Covered financial institution.....	838
Section 1002.106—Business and Small Business	842
106(b) Small business.....	842
Section 1002.107—Compilation of Reportable Data	843
107(a) Data format and itemization.	843
107(a)(1) Unique identifier.....	844
107(a)(2) Application date.	845
107(a)(3) Application method.....	846
107(a)(4) Application recipient.....	847
107(a)(5) Credit type.	848
107(a)(6) Credit purpose.....	851
107(a)(7) Amount applied for.	853
107(a)(8) Amount approved or originated.....	855
107(a)(9) Action taken.....	856
107(a)(10) Action taken date.....	859
107(a)(11) Denial reasons.....	860
107(a)(12) Pricing information.	863
107(a)(12)(i) Interest rate.....	863
107(a)(12)(ii) Total origination charges.	865
107(a)(12)(iii) Broker fees.....	866
107(a)(12)(iv) Initial annual charges.....	867
107(a)(12)(v) Additional cost for merchant cash advances or other sales-based financing.....	868
107(a)(12)(vi) Prepayment penalties.....	868
107(a)(13) Census tract.....	868

107(a)(14) Gross annual revenue.....	870
107(a)(15) NAICS code.....	871
107(a)(16) Number of workers.....	872
107(a)(17) Time in business.	873
107(a)(18) Minority-owned business status.....	875
107(a)(19) Women-owned business status.....	878
107(a)(20) Ethnicity, race, and sex of principal owners.....	880
107(a)(21) Number of principal owners.	890
107(b) Verification of applicant-provided information.....	891
107(c) Time and manner of collection.....	892
107(c)(1) In general.	892
107(c)(2) Previously collected data.....	895
Section 1002.108—Firewall	898
108(a) Definitions.	898
108(b) Prohibition on access to certain information.....	900
108(c) Exception to the prohibition on access to certain information.....	902
108(d) Notice.....	903
Section 1002.109—Reporting of Data to the Bureau.....	904
109(a) Reporting to the Bureau.....	904
109(a)(2) Reporting by subsidiaries.....	904
109(a)(3) Reporting obligations where multiple financial institutions are involved in a covered credit transaction.....	905
109(b) Financial institution identifying information.	908
Paragraph 109(b)(4).....	908
Paragraph 109(b)(5).....	909
Paragraph 109(b)(6).....	909

Paragraph 109(b)(9).....	911
Paragraph 109(b)(10).....	912
109(c) Procedures for the submission of data to the Bureau.	912
Section 1002.110—Publication of Data	913
110(c) Statement of financial institution’s small business lending data available on the Bureau’s website.	913
Section 1002.111—Recordkeeping.....	913
111(a) Record retention.....	913
111(b) Certain information kept separate from the rest of the application.	914
111(c) Limitation on personally identifiable information in records retained under this section.....	914
Section 1002.112—Enforcement.....	915
112(b) Bona fide errors.....	915
112(c) Safe harbors.....	917