



The Consumer Financial Protection Bureau  
Washington DC

June 26, 2025

**Re: Docket No. CFPB–2025–0017 or RIN 3170–AB40**

On June 18, 2025, the CFPB published its 2025 Section 1071 Interim Final Rule. This comments letter is in response to that Rule.

Who is affected by the 2025 Interim Final Rule

All “covered lenders”, even those not included in the 3 different court cases litigating the legality of the 2023 Final Rule, are affected by the changes in the 2025 Rule. This clarifies an ongoing question about the compliance dates for litigants and non-litigants. All covered lenders, whether they participated in any of the court cases or not, will be affected by the changes in the 2025 Interim Final Rule.

What the 2025 Rule is changing

The 2025 Interim Final Rule is changing the compliance dates that were published in the 2024 Interim Final Rule. The “compliance dates” refer specifically to data collection and reporting requirements. Those compliance dates vary by what “tier” a lender is included in.

For Tier 1 lenders (those with 2,500 or more small business originations for 2 consecutive years) the new compliance date for commencement of data collection changes from July 18, 2025, to July 1, 2026, and the first reporting date moves from June 1, 2026, to June 1, 2027.

For Tier 2 lenders (those with 500 or more small business originations up to 2,499 originations for 2 consecutive years) the new compliance date for commencement of data collection changes from January 16, 2026, to January 1, 2027, and the first reporting date moves from June 1, 2027, to June 1, 2028.

For Tier 3 lenders (those with 100 or more small business originations up to 499 originations for 2 consecutive years) the new compliance date for



commencement of data collection changes from October 18, 2026, to October 1, 2027, and the first reporting date moves from June 1, 2027, to June 1, 2028.

### Problems with the delayed multiple compliance dates

There are a number of problems caused by the 2025 Interim Rule's compliance dates. First, Tier 1 and Tier 3 lenders will be collecting and reporting data for partial years. Tier 1 lenders will initially collect and report data for activity only in the last 6 months of 2026 (to be reported June 1, 2027). Tier 3 lenders will initially collect data for only the last 3 months of 2027 and report that activity by June 1, 2028. Tier 2 lenders will first report activity for all of 2027 by June 1, 2028.

Partial year data is worthless for data analysis. This means that the first data reported by Tier 1 by June 1, 2027, and Tier 3 by June 1, 2028, cannot be used (except maybe as practice) since those reports will be for only partial years. Moreover, since each Tier has initial reporting compliance dates and the first time an entire year's worth of activity will be reported for all covered lenders will be on June 1, 2029, all Section 1071 activity reported on June 1, 2027, and June 1, 2028, will be unusable for analytical purposes because the data reported will include different parts of a year for different tier lenders.

Complicating matters even more is that until the Section 1071 reported data is usable, the 2023 CRA Rule will continue to mandate the collection and reporting of small business loans based on an entirely different definition of a "small business loan". Section 1071 defines a small business loan based on a business borrower's gross annual revenues ("GAR") up to \$5 million whereas the CRA definition of a small business loan has nothing to do with a borrower's GAR but is rather based on the loan not exceeding \$1 million. Therefore, the Section 1071 data can't replace the CRA data until the 2028 Section 1071 activity is reported by June 1, 2029. Until then reporting lenders will need to report "small business" loans under 2 different regulations with 2 different definitions. This is a prescription for confusion and misreporting.

It is suggested that the Bureau make compliance dates universal for all covered lenders and that the compliance date for data collection be January 1, 2028, and for reporting be June 1, 2029. The collecting of CRA-related small business and



small farm lending under CRA should terminate January 1, 2028, when the compliance date for Section 1071 data collection as we suggest would begin. This will avoid the concomitant collection of “small business” loan data with different definitions under the CRA and Section 1071. The benefits of these suggested changes would be lower costs, more useful analytical data, more time to implement systems and procedures and less confusing information to be reported under two different definitions of small business loans.

Other issues for the Bureau to consider when it develops its proposed changes to the Section 1071 Rule

Aside from the timing issues and usable data issues, there are other issues that could be considered by the CFPB for future change.

The required sequestering of the “protected demographic information” should be eliminated. If that information is not available to the credit decision makers it makes it more difficult to analyze, understand and correct patterns of possible lending bias and it creates a needless and costly process that is counterproductive. The mortgage data reported under HMDA does not require the isolation of borrower demographic data for residential mortgage borrowers from lenders. Why should Section 1071 “protected demographic” information be “protected” for Section 1071 data when it has never been protected for consumer mortgages reported under HMDA?

Respectfully,

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