Expanding the Impact: Increasing Capacity and Influence



Proposed Changes in Small Business Lending Reporting

Moderator: Grady Hedgespeth, Assistant Director of the Office of Small Business Lending Markets
Consumer Financial Protection Bureau

Section 1071 of the Dodd-Frank Act

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Role of the CFPB Office of Small Business Lending (SBL) Markets

- Monitor market, analyze and work with providers of credit to small businesses
- Implementation of data collection requirements delineated in Section 1071 of the Dodd-Frank Act





Statutory Purposes – Section 1071

- "Facilitate enforcement of fair lending laws"
- "Enable communities, governmental entities and creditors to identify business and community development needs and opportunities for women-owned, minority-owned and small businesses"



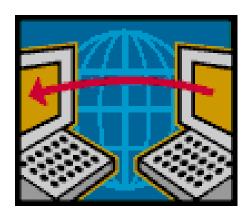
Section 1071 Establishes Data Collection and Reporting Requirements

- Covers credit applications from
 - Women-owned businesses
 - Minority-owned businesses
 - Small businesses



Data Elements per Section 1071

- Application number and date received
- Type and purpose of the loan or credit
- Race, sex and ethnicity of the principal owners
- Amount of credit or credit limit applied for
- Amount of credit transaction or credit limit approved
- Gross annual revenue in last fiscal year
- Action taken by the institution and date of such action
- Principal place of business (census tract)





CFPB's Role

"The Bureau shall prescribe such rules and issue such guidance as may be necessary to carry out, enforce, and compile data pursuant to this section"



Rulemaking for Section 1071

- Work has commenced on the Section 1071 project
- Rulemaking process will include the following elements:
 - ✓ Market insights/research underway
 - ✓ Stakeholder input underway
 - ✓ SBREFA (Small Business Regulatory Enforcement Fairness Act) panel
 - ✓ Notice of proposed rulemaking
 - ✓ Comment period covering the proposed rule and implementation aspects
 - ✓ Issuance of final rule
 - ✓ Implementation period
 - ✓ Effective date



Approach

- Exploration of key issues underway
- Understanding of marketplace through mobilization of an expert team
- Formal engagement of stakeholders (industry, federal/state agencies, community advocacy groups, etc.) to understand more about the business financing marketplace; including:
 - products offered to women-owned, minority-owned, and small businesses;
 - financial institutions that offer such credit;
 - data elements; and
 - privacy concerns.



Approach

- Leverage learnings from Home Mortgage Disclosure Act (HMDA) rulemaking
- Identify ways to balance burden of information collection with effectuation of statute's purposes
- Data collection will be required only after rulemaking process and implementation period are completed



How can you help?

- Facilitate an open dialogue with the Bureau
- Help us understand challenges/potential burdens and how we can ensure that the implementation goes well and that quality information is generated and reported
- Provide comments



Questions?



Contact information:

Grady B. Hedgespeth

Assistant Director

Office of Small Business Lending Markets

Consumer Financial Protection Bureau

1700 G. Street, NW

Washington, D.C. 20552-0003

Grady.hedgespeth@cfpb.gov

(202) 435 – 9852(office)

(202) 568 -3560(mobile)



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International Trade Finance

Moderators: Jeff Deiss, International Trade Finance Manager, Western U.S., Small Business Administration

Pellson Lau, Regional Manager, Export Solutions Group, Southern California and Arizona Small Business Administration