

# Expanding the Impact: Increasing Capacity and Influence

## 2017 Interagency Minority Depository Institution and CDFI Bank National Conference

Los Angeles, CA  
April 5-6, 2017



FDIC • FRB • OCC

## 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

April 2017



# Role of the CFPB

## Office of Small Business Lending (SBL) Markets

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- 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

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- “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

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

# Data Elements per Section 1071

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- 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

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*“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

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- 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

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- 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

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- 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?

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- 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:

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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