

Alert | Financial Regulatory & Compliance



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CFPB Announces New Compliance Deadlines for Small Business Lending Rule

Go-To Guide:

- On May 17, 2024, the Consumer Financial Protection Bureau (CFPB) announced it will extend the compliance deadlines for its Small Business Lending Rule.
- When it takes effect, the CFPB's Small Business Lending Rule will implement Section 1071 of the Dodd-Frank Act by requiring covered financial institutions to collect and submit data regarding their small business lending activities.
- If the CFPB moves forward as planned, the highest volume lenders (Tier 1) will be required to begin collecting small business lending data on July 18, 2025, and to make their first submissions on June 1, 2026. The next tier of lenders (Tier 2) will be required to begin collecting data on Jan. 16, 2026, and to make their first submissions on June 1, 2027. The smallest volume lenders (Tier 3) will be required to begin collecting data on Oct. 18, 2026, and to make their first submissions on June 1, 2027.

On May 17, 2024, the CFPB **announced** it will issue an interim final rule to extend the compliance deadlines for its **Small Business Lending Rule**.

Background

In March 2023, the CFPB issued a final rule to implement Section 1071 of the Dodd-Frank Act. As we discussed in a [GT Alert](#) issued at that time, the CFPB’s Small Business Lending Rule, when implemented, will require lenders to collect and report data on small business loan applications, including applications from minority-owned, women-owned, and LGBTQI+-owned small businesses. The rule will thus create the first comprehensive database of small business credit applications in the United States.

In October 2023, however, a federal district court issued a [nationwide injunction](#) prohibiting the CFPB from implementing or enforcing the Small Business Lending Rule. But the district court expressly stated that, if the U.S. Supreme Court later rejected the Fifth Circuit’s prior holding that the CFPB’s funding structure is unconstitutional, its nationwide injunction would dissolve, subject to the caveat that the CFPB would be required to extend all compliance deadlines for the Small Business Lending Rule “to compensate for the period” in which its implementation and enforcement of the rule was stayed.

Completing the circle, the U.S. Supreme Court recently [held](#) 7-2 in *Consumer Financial Protection Bureau v. Community Financial Services Association of America* (CFSA) (Docket No. 22-448) that the CFPB’s funding structure is in fact constitutional.

In response, the CFPB has now announced it will issue an interim final rule to extend all compliance deadlines for the Small Business Lending Rule “to compensate for the period” – that is, the 290 days – in which its implementation and enforcement of the rule was stayed.

New Compliance Deadlines

While the CFPB has not yet published its interim final rule extending the deadlines, it has announced it will extend the compliance deadlines for its Small Business Lending Rule as follows:

Compliance Tier	Original Compliance Date	New Compliance Date	First Reporting Date
Tier 1 Institutions (At least 2,500 covered originations in both 2022 and 2023)	Oct. 1, 2024	July 18, 2025	June 1, 2026
Tier 2 Institutions (At least 500 covered originations in both 2022 and 2023, but not 2,500 or more covered originations in both 2022 and 2023)	April 1, 2025	Jan. 16, 2026	June 1, 2027
Tier 3 Institutions (At least 100 covered originations in both 2022 and 2023, but not 500 or more covered originations in both 2022 and 2023)	Jan. 1, 2026	Oct. 18, 2026	June 1, 2027

Key Takeaways

The CFPB’s Small Business Lending Rule creates significant new compliance obligations and requires lenders to make substantial operational changes, to the extent they have not already done so. Given that, covered financial institutions should – if they haven’t already – consider moving forward with efforts to comply with the rule.

Moreover, CFPB's Small Business Lending Rule requires lenders to make data publicly available that regulators and class-action plaintiffs' attorneys might then use to initiate investigations, bring lawsuits alleging federal or state fair-lending law violations, and bring third-party challenges to regulatory approval for proposed mergers and acquisitions. Given that, covered financial institutions should – if they have not already – also consider moving forward with efforts to identify and mitigate any gaps in their fair lending programs.

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