

Federal Information Collection on Small Business Loans

Comment Letter Guide for Small Business Owners

The Consumer Financial Protection Bureau (“CFPB”), as mandated by Section 1071 of the Dodd-Frank Act, is proposing to require banks to collect your race and demographic information when you apply for a loan. In addition, banks will be required to report data regarding loan amounts, loan purpose, loan pricing, number of employees, your census tract, annual revenue, and other data points. **Once reported to the CFPB, this data will be anonymized (business names removed) and made public.**

If you are concerned that this additional data collection and reporting will increase the cost and complexity of applying for small business loans and put your privacy at risk, please submit comments opposing the more onerous provisions of this rule to the CFPB before the comment period ends.

This guide is designed to help you organize and prepare comment letters before the deadline of **January 6, 2022**. After the deadline, there will be limited opportunity for the public to propose changes to the content of the rule.

Regulatory agencies are **substantially more likely to acknowledge customized letters**. Therefore, it is very important you customize your letter using the guide below.

Comments may be emailed to the CFPB at 2021-NPRM-1071@cfpb.gov or submitted to the through the e-Rulemaking portal at the following link: <https://www.regulations.gov/document/CFPB-2021-0015-0002>. Comments should be identified using “Docket No. CFPB-2021-0015 or RIN 3170-AA09” in the subject line of your comment letter or email message.

Please use the following guide to structure your letter. Feel free to write a paragraph about each numbered point or choose the ones most relevant to your business.

- 1. In the opening paragraph, thank the CFPB for the chance to comment and describe your small business to the CFPB.**
 - a. 1-2 sentences describing your business’s industry, location, revenue, and how you use small business loans.
- 2. Tell the CFPB how disclosure of certain data points puts privacy and sensitive business data at risk.**
 - a. The CFPB is proposing to collect your loan pricing information (interest rate), purpose of your loan, time in business, number of employees, NAICS code, and denial reasons (if applicable). These data points are not required by statute.
 - b. The CFPB plans to make this data public, as required by statute, but has the ability to redact certain information if it damages a privacy interest.

- c. **Explain to the CFPB how disclosing business revenue, loan pricing information, loan denial reasons, or other data points harm your business's privacy interests. Explain the harm to your business if your competitors know this data.**
 - d. **Should the CFPB collect additional data points not required by statute?**
3. **Tell the CFPB how they should define a small business** (which will determine which business are covered by the collection and reporting requirements of the rule).
 - a. 90 percent of voters believe that a small business is one with revenue of \$1 million or less.
4. **Describe to the CFPB how it would affect your business negatively if the cost of applying for credit went up.**
 - a. Because of this rule, lenders may be forced to charge an additional small business loan application fee to cover the cost of regulatory compliance. Explain how this would harm your business. Describe whether you would be less likely to shop around for credit if each lender charged a loan application fee.
5. **Illustrate how requiring lenders to guess your race and ethnicity would have a negative impact on you.**
 - a. If you decline to provide your race and ethnicity to banks, lenders may be required to guess your race and ethnicity based on visual observation or last name.
 - b. **Tell the CFPB that you should have the right to decline to provide race and demographic data and not have that data stored in a federal government database. Further explain why it is inappropriate to require lenders to guess your race and ethnicity.**

Thank you for taking the time to review this summary and guide and for considering submitting comments to the CFPB regarding their Section 1071 Rulemaking. It is critical to comment now, before the **January 6, 2022 deadline**, because federal law requires the agency to consider all comments submitted before the comment period ends.