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June 14, 2022

The Honorable Nancy Pelosi
Speaker
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Re: Support Amendment to H.R. 2543 to Repeal Dodd-Frank Section 1071

Dear Speaker Pelosi and Minority Leader McCarthy:

On behalf of ICBA and the nearly 50,000 community bank locations we represent, I write to express our strong support for Amendment #6 to H.R. 2543 to be offered by Rep. Rodney Davis. This amendment would repeal Section 1071 of the Dodd-Frank Act, which imposes burdensome and intrusive new data collection requirements on all small business loan applications. As I explain below, Section 1071 will create a chilling effect on small business credit. As higher interest rates make credit financing more expensive for millions of small businesses, this is the wrong time to impose new obstacles to small business credit. **ICBA and community banks urge all members of the House to vote YES on Amendment #6 to H.R. 2543.**

Section 1071 of the Dodd-Frank Act requires lenders to collect and report data on small business loan applications detailing whether businesses are women- or minority- owned. While ICBA supports ensuring that financial institutions meet the credit needs of all small businesses in compliance with fair lending laws, rigid new data collection requirements will increase the costs of originating loans and the cost of small business credit and will limit the ability of community banks to tailor loans to meet the unique needs of their small business customers – the cornerstone of relationship lending. Moreover, the CFPB’s proposed implementing rule adds numerous data points beyond those required by statute and exempts only those lenders that originate fewer than 25 loans per year.

A primary concern with Section 1071 and the CFPB’s proposed rule is that publication of collected data would compromise the privacy of small business loan applicants. Though directly identifying information such as the name and address of the borrower will be removed, the remaining information will make it possible to identify many loan applicants. This is especially true in the small communities served by community banks, which may have only one or a small number of independent gyms, hardware stores, or home contractors. The finances and credit needs of these small business and their owners must remain private for commercial competitive reasons as well as personal privacy. Knowing this risk to their privacy, many would-be borrowers may choose not to apply for a loan that would help

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their business or choose to borrow from a larger, out-of-market bank or online lender to preserve their anonymity.

In view of the significant concerns expressed above, ICBA and community banks urge support for Rep. Davis's amendment and repeal of Dodd-Frank Section 1071.

Thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the U.S. House of Representatives

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