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June 16, 2023

The Honorable John Kennedy
United States Senate
Washington, D.C. 20510

Dear Senator Kennedy:

On behalf of ICBA and the nearly 50,000 community bank locations we represent, I write to thank you for introducing S.J.Res.32, a resolution of disapproval of the Consumer Financial Protection Bureau's (CFPB's) Small Business Loan Application Data Collection Rule. S.J.Res.32 would nullify a rule that will create a chilling effect on the credit small businesses need to survive and prosper in a time of economic uncertainty. ICBA and community banks strongly support S.J.Res.32 and urge all Senators to cosponsor it.

Community banks are deeply frustrated that the CFPB's final rule under Section 1071 of the Dodd-Frank Act fails to exempt community banks. As mission-focused lenders, community banks have a long history of originating loans that create credit for minority- and woman-owned businesses, consistent with the underlying intent of Section 1071. The final rule fails to take this into consideration.

The rigid data collection requirements of the new rule will limit the ability of community banks to tailor loans to meet the unique needs of their small business customers, which is the cornerstone of relationship lending. Each small business loan is unique and has customized terms based on an analysis of numerous factors. The final rule will force lenders to standardize loan terms and limit options to the detriment of borrowers, including minority- and women-owned businesses.

Instead of accommodating community banks and their customers, the final rule mandates the collection of eight additional data points not required by statute. The breadth of the data required to be collected and potentially published may make it possible to identify individual borrowers thereby compromising their financial privacy. Moreover, the mandated data collection will increase compliance costs for community banks and result in a higher cost of credit for small business borrowers who are already struggling with historic inflation, higher interest rates, and a possible recession.

The Nation's Voice for Community Banks.®

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S.J.Res.32 will reverse the harm of a misguided rule dictating that the Bureau craft a rule that preserves the flow of credit to American small businesses.

Thank you for introducing S.J.Res.32. We look forward to working with you to advance this important resolution.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the United States Senate

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