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## CFPB Issues Final Rule to Amend Section 1071 Rule\*

As the law firm previously reported to BCG Members, the CFPB's Section 1071 Small Business Lending Data Collection (SBLDC) Rule (codified in 12 FR Part 1002, Subpart B) has survived various legal challenges by trade associations and lenders. However, the SBLDC Rule came under fire again in 2025, this time from the CFPB itself. Additionally, the CFPB has recently issued a new final rule completing revamping the SBLDC Rule and further extending the rule's compliance dates.

Under the original requirements of the SBLDC Rule, once a covered financial institution's compliance date is triggered, the institution must begin collecting and reporting certain data (comprised of 20 data points) to the CFPB in connection with applications for business loans to small businesses (*i.e.*, those with gross annual revenues of \$5 million or less in the preceding fiscal year). The CFPB would then make some of the reported information public.

On June 18, 2025, the CFPB issued an interim final rule officially extending the compliance dates for the SBLDC Rule (the "New SBLDC IFR"). 90 FR 25874. In the New SBLDC IFR, the CFPB extended the existing compliance dates for Tier 1, Tier 2, and Tier 3 lenders (based on the number of covered credit transactions originated in two consecutive years) by about one year, as discussed below. Additionally, the New SBLDC IFR also clarified which calendar years institutions could use to measure the amount of covered credit transactions they originated to determine their compliance tiers. Then, on October 2, 2025, the CFPB issued a final rule which finalized the extended compliance dates set forth in the New SBLDC IFR (the "2025 Final Rule"). 90 FR 47514. In the 2025 Final Rule, the CFPB confirmed its findings in the New SBLDC IFR and finalized the compliance dates for the SBLDC Rule as stated in the New SBLDC IFR.

In November 2025, the CFPB issued a proposal to substantially revise the SBLDC Rule ("November 2025 PR"). Among other things, the November 2025 PR proposed to: (i) change the compliance dates for the SBLDC Rule; (ii) increase the origination threshold to qualify as a covered financial institution; (iii) increase the revenue threshold to qualify as a "small business"; and (iv) limit the amount of data points institutions are required to collect under the SBLDC Rule.

On May 1, 2026, the CFPB published in the federal register a final rule to amend the SBLDC Rule (the "2026 Final Rule"). 91 FR 23530. The 2026 Final Rule finalizes without change much of the November 2025 PR. A summary of the more significant changes finalized by the 2026 Final Rule are discussed below.

\* Janet Bonnefin has retired from the firm.

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**Extended Compliance Dates.** The 2026 Final Rule removes the compliance tiered structure for Tier 1, Tier 2, and Tier 3 lenders and instead sets forth a single extended compliance date for all lenders subject to the SBLDC Rule. Under the 2026 Final Rule, the compliance date is set at January 1, 2028, for all financial institutions subject to the SBLDC Rule.

**Covered Origination Threshold.** The 2026 Final Rule increases the origination threshold from 100 to 1,000 covered credit transactions for a two consecutive year period and removes the tier structure altogether. Therefore, institutions must have originated at least 1,000 covered credit transactions in two consecutive years to become subject to the SBLDC Rule (previously the threshold was 100 covered credit transactions in two consecutive years). A “covered credit transaction” still generally means an extension of credit for a business purpose to an entity that qualifies as a “small business.”

**Small Business Revenue Threshold.** Prior to the 2026 Final Rule, the SBLDC Rule defined a “small business” as an entity with gross annual revenues of \$5 million or less. The 2026 Final Rule lowers the annual revenue threshold to qualify as a small business to \$1 million or less, which should substantially reduce the number of loans that qualify as covered credit transactions.

**Removal of LGBTQI+ Data Point.** Under the SBLDC Rule, financial institutions were required to collect 20 different data points in connection with covered credit transactions. One of the data points that institutions were required to ask for was whether the small business is an LGBTQI+-owned business. The 2026 Final Rule removes the requirement to inquire about the LGBTQI+-owned status of the business from the SBLDC Rule in its entirety.

The 2026 Final Rule makes other changes to the SBLDC Rule, such as limiting the scope of data points required to be collected and amending the coverage and exclusions for certain types of credit transactions. The 2026 Final Rule can be found on the website for the federal register at <https://www.federalregister.gov/documents/2026/05/01/2026-08494/small-business-lending-under-the-equal-credit-opportunity-act-regulation-b>.

The 2026 Final Rule becomes effective on June 30, 2026. However, as discussed above, all institutions covered by the SBLDC Rule have until January 1, 2028, to comply.

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