

**Congress of the United States**  
Washington, D.C. 20515

May 15, 2023

The Honorable Rohit Chopra  
Director  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

Dear Director Chopra:

We applaud the Consumer Financial Protection Bureau (CFPB) for issuing long awaited small business lending rules that implement Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). This is a significant step forward in nurturing small businesses and communities across our nation, including women-owned and minority-owned businesses, whose credit needs have long been underserved. While we are still reviewing the final rules, we are pleased that the CFPB will phase in implementation, so that smaller financial institutions have more time to prepare, and the Bureau has set up a helpline to support any financial institution in their preparation to comply with the new rules. We respectfully request a briefing for House Democratic Members so we can learn more about this important final rule.

In 2010, we worked to secure the inclusion of Section 1071 in the Dodd-Frank Act, which directed the CFPB to initiate rulemaking to collect and report to the public information about small business loans, including demographic information about small business borrowers. Unfortunately, it took a legal settlement during the Trump Administration requiring court monitoring to spur the agency into action.<sup>1</sup> The CFPB's subsequent rulemaking process considered a wide range of input from stakeholders, including small businesses, lenders, and other stakeholders. The small business lending market is relatively opaque, but once these small business lending rules take effect, we will finally have actionable data that the public, industry, and policymakers can use to identify ways to foster small business growth and development. After all, we know that small businesses are engines of growth in all of our communities, driving wealth creation and upward mobility. When small businesses succeed, our economy is stronger, more equitable, and more resilient.

In 2022, there were over 32 million small businesses in the United States, comprising 99.9% of all businesses, and employing 61.7 million U.S. workers (46.6% of U.S. employees).<sup>2</sup> Small businesses are the bedrock of the U.S. economy and communities, but not all small businesses survive, especially when they first start up. Between March 2020 and March 2021, 1.1 million small businesses opened, but 965,995 of them closed. Disparities also remain in small businesses' access to capital. One report from 2019 found that nearly 83% of entrepreneurs do not access a bank loan, and discussed the geographic, demographic and wealth barriers faced by

---

<sup>1</sup> Alan S. Kaplinsky, [CFPB and plaintiffs enter into settlement of lawsuit alleging wrongful delay in Section 1071 implementation](#), Ballard Spahr (Mar. 2, 2020).

<sup>2</sup> SBA, [Frequently Asked Questions About Small Business 2023](#) (Mar. 7, 2023).

those businesses in accessing the capital they need.<sup>3</sup> In 2019, a Government Accountability Office report highlighted the limited data on agricultural credit access for women and people of color, and discussed the barriers that socially disadvantaged farmers and ranchers, including women and people of color, face in obtaining capital they need.<sup>4</sup>

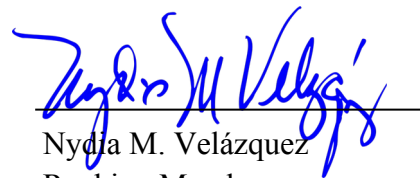
Clear, reliable data can help us understand why some businesses struggle, and inform policymakers of changes that can help those businesses prosper. More transparency will serve to protect and foster small businesses and family farms no matter where they operate, who owns them, or what kind of business they do. Importantly, reliable data can help small businesses and financial institutions evolve and compete in a growing digital marketplace. Lending data made available through this rule will help lenders of all sizes identify new business opportunities. During a House Small Business Committee hearing last month, Luz Urrutia, CEO of the CDFI, Accion Opportunity Fund, testified that the Section 1071 Rule would not be overly burdensome for small institutions and will, in fact, create new business opportunities for small lenders due to their ability to reach underserved markets.

In closing, we look forward to hosting a briefing with you in the near future, and we again commend you and the CFPB staff for all the work that went into issuing these critical rules. We are confident this new framework will promote transparency and competition in the small business lending market for the benefit of all small businesses, our communities, and the U.S. economy.

Sincerely,



Maxine Waters  
Ranking Member  
U.S. House of Representatives  
Committee on Financial Services



Nydia M. Velázquez  
Ranking Member  
U.S. House of Representatives  
Committee on Small Business

<sup>3</sup> Ewing Marion Kauffman Foundation, [Access to Capital for Entrepreneurs: Removing Barriers](#) (Apr. 25, 2019).

<sup>4</sup> GAO, [AGRICULTURAL LENDING: Information on Credit and Outreach to Socially Disadvantaged Farmers and Ranchers Is Limited](#) (Jul. 2019).