

CFPB 1071 small business lending rule

What You Need to Know

Section 1071 of the Dodd-Frank Act pertains to the collection and reporting of credit application data. It aims to facilitate fair lending enforcement, promote community development, and identify opportunities for women-owned, minority-owned, and small businesses.



who does section 1071 affect?



- **Covered financial institutions:** One that originated at least 100 covered credit transactions for small businesses in each of the two preceding calendar years.
- **Small businesses:** According to the final rule, “a small business is a business that had \$5 million or less in gross annual revenue for its preceding fiscal year.”

Section 1071 mandates financial institutions gather, maintain, and report to the CFPB data from small business credit applications, including demographic information of applicants. Compiling this data can assist with **improving credit access** to underserved populations.



when does it go into effect?

Tier	Origination threshold	Date to begin collecting data	Deadline to report data
Tier 1	At least 2,500 covered originations	Begin collecting data on July 18, 2025	Report on June 1, 2026
Tier 2	At least 500 covered originations	Begin collecting data on January 16, 2026	Report on June 1, 2027
Tier 3	At least 100 covered originations	Begin collecting data on October 18, 2026	Report on June 1, 2027

what can you do to prepare?

Start by calculating how many covered transactions your institution originated in 2022 and 2023. This will determine your compliance tier. [Section 2.1 of the Small Business Compliance Guide](#) provides in-depth examples of covered transactions.

If you are still trying to determine the full impact of 1071, Jack Henry™ is here to help. Utilizing applicability business rules and digital data collection, we will provide the tools that can aid you in meeting Section 1071 requirements.

ensure your financial institution is prepared

[Contact us](#) for more information on how your institution can begin preparing for 1071 compliance.

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