



January 6, 2022

Honorable Rohit Chopra, Director
Consumer Financial Protection Bureau
1700 G St. NW
Washington, DC 20552

RE: Comment Letter – Small Business Lending Data Collection under the ECOA (Regulation B)

RIN 3170-AA09

Dear Director Chopra:

On behalf of the Commonwealth of Virginia’s 110 credit unions, I am commenting on the Consumer Financial Protection Bureau’s (CFPB) proposed rule to require lenders to compile, maintain, and submit additional data on credit applications by women-owned, minority-owned, and small businesses.

The Virginia Credit Union League supports our member credit unions, all of whom support their respective communities. If we had to sum up who our members serve in this area, I would say that they support individuals with grit. Risk takers, hard workers, and generally remarkable human beings who are starting or building small businesses to enhance and strengthen their communities. Credit unions, as not for profit member-owned cooperatives, exist to provide provident credit and strongly support fair lending. This applies to credit unions of any size. We need to create a regulatory and legal environment that allows that lending to continue.

We appreciate the opportunity to comment on the Consumer Financial Protection Bureau’s proposed rule amending Regulation B to implement amendments to the Equal Credit Opportunity Act made by section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, but we are concerned that credit unions are being swept into a regulatory rule intended for non-community-based actors.

The proposal will require covered financial institutions to collect and report to the Bureau more than 21 data elements on applications for credit by small businesses in order to “facilitate the enforcement of fair lending laws” and to “enable communities, governmental entities, and creditors to identify business and community development needs and opportunities of women-owned, minority-owned, and small businesses.” While we support this intent, the proposal is

quite simply overly broad and will be incredibly burdensome. The Virginia League has been looking for ways for credit unions to share resources, expand their reach to the underserved and continue the growth of institutions. This proposal will hinder that.

We welcomed your written and oral testimony before the Senate Banking Committee and House Financial Services Committee, emphasizing the importance of “relationship banking” where you encouraged financial institutions to submit comments on the potential cost of the proposed data collection. For many institutions these costs would be significant. It will require infrastructure investments to capture, aggregate, and report any new data; an extensive overhaul of their current application processes; and likely a sizeable addition in manpower just to meet the new minimum for compliance. According to estimates in the SBREFA report, under the proposal only 293 credit unions would be exempt from the rule based on volume exemptions. This does not provide any significant relief and disincentivizes lending. We support broader volume exemptions irrespective of size.

In addition, the proposal includes a discussion of anticipated privacy risks arising from public disclosure of the data created by this broad data collection regime. The proposed balancing test the Bureau intends to apply to balance risks and benefits, and the Bureau’s preliminary application of the test to each of the proposed data elements. These questions are critically important to the privacy of small business borrowers and require more information to comment on appropriately.

Lastly, I would urge the CFPB, should it move forward, to extend the implementation period for this proposal to three years. Eighteen months is simply insufficient to make these substantive changes.

Sincerely,

A handwritten signature in black ink that reads "Carrie R. Hunt". The signature is written in a cursive, flowing style.

Carrie R. Hunt