



December 8, 2023

The Honorable Joseph R. Biden
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Re: Bipartisan Congressional Review Act resolution to nullify the Consumer Financial Protection Bureau's Section 1071 Small Business Lending Data Collection Rule (S.J.Res. 32)

Dear President Biden:

The Community Bankers Association of Illinois ("CBAI"), which proudly represents nearly 280 Illinois community banks, urges you to sign into law S.J.Res. 32, which is a Congressional Review Act Resolution to disapprove of the Consumer Financial Protection Bureau's ("CFPB" or "Bureau") Small Business Loan Application Data Collection Rule ("Rule") under Section 1071 of the Dodd-Frank Act. The approval of this significantly flawed rule by the CFPB comes at the end of the rulemaking process where the CBAI and many of its members were among more than 10,000 who provided valuable input about how to reasonably implement the Rule. Unfortunately, the Bureau ignored far too much of this thoughtful input which necessitated an effort to rescind the Rule in Congress. Happily, this Resolution passed with a bipartisan majority in both the United States Senate and House of Representatives. CBAI strongly encourages you to sign this resolution of disapproval into law.

CBAI is dedicated exclusively to representing the interests of Illinois community banks and thrifts through effective advocacy, outstanding education, and high-quality products. CBAI members hold more than \$80 billion in assets, operate 860 locations statewide, and lend to consumers, small businesses, and agriculture. For more information, please visit www.cbai.com.

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In rulemaking, CBAI argued that the flaw in the proposed Rule was the CFPB's failure to recognize the fundamental difference between small business and consumer lending. In the case of small business lending, loans are individually crafted to meet the reasonable needs of the customers and the requirements of the bank. In consumer lending, loans are standardized products with like terms and conditions. As a result, the data reported under the Rule will be confusing and misleading and not be useful for its intended purpose.

CBAI strongly advocated for the CFPB to use its authority granted under the Dodd-Frank Act in Section 1022 to exempt any financial service provider from this rulemaking in recognition of the fact that community banks provide 60% of small business lending despite covering only less than 15% of the nation's deposits. Obviously, there is a high level of satisfaction with community banks' small business lending and no need for community banks to be included in this Rule.

Rather than the narrow tailoring of the Rule, the Bureau established a lender origination threshold that was far too high, a definition of a small business that was far too low, and added (at the Bureau's sole discretion) an additional eight data points to the original 12 data points required by the statute (an additional 50%). In combination, this significantly increases the collection and reporting regulatory burden on community banks. In addition, the numerous data points collected and reported under the Rule are an invasion of privacy. This large amount of data will also make it much more likely to identify specific loans and borrowers, particularly in rural areas which will expose them to wrongdoers.

CBAI strongly urges you to support community banks and their small business borrowers and sign S.J.Res. 32 into law.

Thank you for considering our position on this important matter.

Sincerely,

/s/

David G. Schroeder
Senior Vice President
Federal Governmental Relations