



**BradyMartz**

# Small Business Lending Seminar

November 2025

## Topics

- Regulation B Section 1071 Small Business Lending Data Collection – Proposed Rule
- Small Business Story: Soul Haven Studio

## CFPB Issues Proposal for Regulation B Section 1071 Small-Business Lending Data Collection

### CFPB Issues Major Proposed Changes to 1071 - What Should Financial Institutions Expect

Small business lenders have been waiting for clarity on the future of the CFPB's Section 1071 rule, especially after multiple delays, court actions, and shifting compliance expectations. On November 13, 2025, the CFPB released a new proposed rule that would significantly revise several core components of the original 1071 framework. While the proposal is not yet final, the changes would meaningfully affect which institutions must report, which transactions are covered, and what data points need to be collected.

## 1071 Proposal: Key Transaction Changes

One of the most notable changes is the proposed exemption for certain types of loans. Agricultural loans and small-dollar business credits under \$1,000 would no longer be considered reportable transactions. If finalized, this would remove a significant operational burden for institutions with significant ag portfolios or frequent small-ticket credit accommodations.

The proposal also raises the institutional reporting threshold. Instead of the current 100-loans standard, the CFPB suggests requiring reporting for only those financial institutions that originate more than 1,000 covered transactions in each of the two preceding calendar years. Combined with the ag exemption, this shift would move some smaller and mid-sized institutions out of mandatory reporting entirely.

## 1071 Proposal: Revenue Threshold Changes

The proposal also changes the small business revenue definition that determines when a credit request counts as a reportable application. The gross annual revenue cap would decrease from \$5 million to \$1 million. Applications from businesses above that revenue level would not be included in 1071 reporting.

For lenders, this revision narrows the scope of reportable small business credit activity. However, it also requires clear procedures to collect or verify business revenue at the time of application. Even for institutions that fall below the reporting threshold, these data-gathering expectations may influence internal workflow and documentation standards.

## 1071 Proposal: Streamlined Data Points & Format Changes

Another meaningful update is the proposed removal of several data fields that many institutions found particularly challenging. The CFPB suggests eliminating data points for application method, application recipient, denial reasons, pricing information, and number of workers. This would reduce the level of granularity lenders must capture and validate, easing both system build-outs and staff training.

The proposal also includes revisions tied to federal guidance on demographic data collection. Institutions would see updates to data categories related to business ownership structure and to the demographic information collected on principal owners. While these changes aim to improve consistency with broader federal data initiatives, they may require updates to applicant-facing forms and digital workflow tools.

## 1071 Proposal: Revised Compliance Date

The proposal would extend the mandatory compliance date to **January 1, 2028**. Covered institutions would begin collecting reportable data on that date and submit their first annual dataset in 2029.

This expanded timeline gives lenders more space to plan technology integrations, adjust procedures, and ensure staff readiness. Even so, institutions should avoid waiting until the rule is finalized to evaluate potential impacts. Early planning provides flexibility if the Bureau adjusts the timeline or modifies the proposed revisions during the rulemaking process.

## 1071 Proposal: Looking Ahead

Although this rule is not final, the CFPB's direction suggests an effort to simplify the reporting burden for many lenders while retaining the core purpose of 1071—improving transparency in small business lending. Institutions should review their origination volumes, revenue-based segmentation, and current small business application flow to understand how the proposal may change their obligations.

As the rule continues through the comment period and potential revisions, we will continue to monitor developments. If your institution wants help interpreting the proposal or planning for implementation, our financial institution team is ready to assist.

## Small Business Story: Soul Haven Studio

- Our Why: Mission and Purpose.
- Background: Who we are & where we started
- Business Startup: Challenges, successes & opportunities for bankers to improve impact
  - Didn't know what we didn't know
  - COVID-19 Challenges – what options did we have for staying afloat
- Continued Relationship: Strategies for quality relationship banking
  - Track Interactions with Clients
  - Service that feels intentional, not transactional
- Next Generation of Lenders – transitioning portfolio & customers
  - Strategies for smooth transitions
  - Training and building trust

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## Connect With Us!

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