

Congress of the United States
Washington, DC 20510

January 5, 2022

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

Director Chopra,

We write to you regarding the Consumer Financial Protection Bureau's (CFPB) proposed rule entitled "Small Business Lending Data Collection Under the Equal Credit Opportunity Act (Regulation B)". This proposal, as you know, would amend Regulation B to implement an amendment to the Equal Credit Opportunity Act made by section 1071 of the Dodd-Frank Act.

While we are extremely concerned with the burden that this proposed rule would have on small businesses and small community banks in South Carolina and across the United States, it has been brought to our attention that the proposed rule would have an outsized effect on Farm Credit institutions and the farmers that they serve. We feel that the CFPB has failed to take the appropriate steps to engage with these institutions on this proposed rule, and by doing so, we believe that the Bureau has fashioned a rule that would hurt not only these lending institutions, but American farmers themselves. In short, we feel that these actions being proposed by the CFPB are misguided and ill-informed, especially considering the challenges that farmers are currently facing due to rising inflation, prolonged supply chain disruptions, and labor shortages. We strongly urge you to change course.

As written, the proposed rule would cover a greater proportion of Farm Credit lenders than any other category of lenders. In fact, while the rule states that it would impact 40% of all depository institutions, it would simultaneously impact 100% of farm credit lenders. This has to do with the proposal's definitions of "small business" and "business credit" that do not take into account the inherent differences between American farms and other American businesses. If the CFPB had actively worked to hear the concerns of the lenders they regulate, this type of oversight would not have happened.

The data requirements under the proposed rule impose a significant burden on smaller community banks and other small lending institutions in particular, and this burden would ultimately trickle down to their clients across all industries. In the case of Farm Credit institutions and smaller banks that make farm loans, those clients are farmers and ranchers. At a time when the federal government seems to be doing everything it can to make farmers' jobs more difficult—we believe this unnecessary regulatory expansion is ill-timed and hurtful.

Given the Bureau's cursory attempt to collect public comments on this proposed rule, we are both concerned that you do not intend to honestly take any outside input into account. After all, a number of stakeholders have asked for more time to publicly comment, but those requests have been ignored. We sincerely hope to be proven wrong, and again, we urge you to not take any action without a thorough data collection process and careful consideration of input from—and the resulting impact on—all lenders and their clients.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Scott", with a long, sweeping horizontal line extending to the right.

Tim Scott
United States Senator

A handwritten signature in black ink, reading "William R. Timmons, IV", with a stylized "IV" at the end.

William R. Timmons, IV
Member of Congress