

CFPB Extends Compliance Dates for Small-Business Lending Rule

Posted by [Gracie Nelson](#) on July 2, 2024



Introduction

On June 25th the Consumer Financial Protection Bureau (CFPB) announced a significant extension of compliance deadlines for its small-business data collection rule. This [interim rule](#) provides lenders with more time to prepare amidst legal and regulatory changes.

While the extension primarily impacts the timeline and implementation phases for the small-business lending rules, it also allows for a coordinated approach in preparing for compliance with comprehensive data collection requirements outlined in the 1071 rules, which specifically mandate the collection and reporting of data on small business lending.

Detailed Impacts and What to Expect

Timeline Adjustment: The extension of 290 days for compliance deadlines allows lenders more time to prepare and implement systems for data collection under the 1071 rules:

- Lenders originating 2,500 or more small-business loans annually must commence data collection by July 18, 2025.

- Lenders originating at least 500 loans annually have until January 16, 2026, to commence data collection.
- Lenders originating a minimum of 100 loans annually must commence data collection by October 18, 2026.
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Beta Testing and Preparation: The CFPB is beta testing phase for the data submission platform, scheduled to begin in August, aligns with the revised timeline. This phase will allow lenders to test their systems and processes for compliance with both the small-business lending rules and the specific requirements of the 1071 rules.

Compliance: During the initial phase of data collection, which includes the extended deadlines, the CFPB has indicated a lenient approach to penalties for reporting errors.

Conclusion

The CFPB's extension of compliance deadlines for small-business lending rules marks a pivotal step in accommodating financial institutions in the shifting regulatory landscape. This extension provides crucial additional time for lenders to align with the comprehensive data collection requirements mandated by the 1071 rules and to maintain important member protections. The association weighed in on this rule while it was in development and asked for a tiered implementation which was included in the final rule. GoWest also had a member participate on the SBREFA Panel in the early stages of the development of this rule.

CFPB Releases Notice of Proposed Rulemaking to Remove Medical Bills from Credit Reports

Posted by [Gracie Nelson](#) on June 26, 2024



Last week, the CFPB released a Notice of Proposed Rulemaking that would significantly impact credit reporting and lending practices by amending Regulation V of the Fair Credit Reporting Act (FCRA) to remove medical debt from credit reports. This proposal is part of a broader examination of how medical debt is impacting the credit worthiness of individuals and families both at the federal and state levels. The GoWest teams have seen several of our state legislators looking at credit report alternatives, and we would expect Congress to look at alternatives as well.

Concerns and Engagement Process

The GoWest team has significant initial concerns regarding the CFPB's proposal to implement this rule without a comprehensive discussion of its implications or credit report alternatives being outlined. There are significant ramifications this change could pose to credit risk assessment and the operational adjustments credit unions and other financial service providers may need to undertake to ensure safety and soundness in lending portfolios. The removal of medical debt from credit reports could also result in unintended consequences for consumers aiming to access credit.

Considering these initial concerns, GoWest will work with credit unions, beginning with the Regulatory Advisory Subcommittee to gather information, define concerns and questions, and develop an advocacy strategy. We will continue to provide ongoing updates and resources throughout this process.

Please email John Trull, VP of Regulatory Affairs at jtrull@gowest.org and Gracie Nelson, Manager of Regulatory Affairs at gnelson@gowest.org with any feedback, insight or inquiries that you may have.

Background

In 2022, The White House announced plans to focus on medical debt and credit reporting alongside congress and several federal agencies, including the CFPB. Supported by the Biden Administration, the CFPB's research on medical debt found that Americans could see a 20-point increase in their credit scores resulting in an estimated 22,000 more mortgage approvals annually by removing medical debt from credit reports.

There have been several pieces of legislation proposed in the last and current Congress that sought to make this change in statute, but proponents have been unsuccessful in their attempts to pass these bills. The CFPB is now taking steps to remove medical debt from the credit reports through administrative rules and procedures.

The initial response to the CFPB's proposal had mixed reviews across party lines on Capitol Hill, as there is a feeling that without having the full risk picture, it could impact the financial security and potential tightening of the credit market for financial institutions across the Country. Democratic leadership mostly responded positively to the news; however, there were a spattering of concerns outlined both publicly and privately by a bi-partisan group that is concerned that removing critical

data from the risk portfolio, without an adequate alternative, could lead to safety and soundness issues for financial institutions, while at the same time negatively impacting consumers' ability to access affordable credit.

Notice of Proposed Rulemaking

The CFPB is now seeking public comments to amend Regulation V in three key areas:

- Removing the special medical debt exception: The proposed rule would remove the provision that allows lenders to use medical debt information to make credit eligibility determinations. However, lenders could still consider medical information related to disability income and similar benefits, as well as medical information relevant to the purpose of the loan under specific conditions.
- Establishing guidelines for credit reporting companies: The proposed rule would stop credit reporting companies from including medical debt on credit reports sent to creditors when they are not allowed to consider it.
- Banning repossession of medical devices: The proposed rule would prevent lenders from using medical devices as collateral for a loan, and would not allow lenders from repossessing medical devices, like wheelchairs or prosthetic limbs, if borrowers are unable to repay the loan. **[Read more about the rule here.](#)**

Comments are due by August 2nd.

Your Input Needed as FHFA Begins Rulemaking on FHLB Modernization

*Posted by **[Ryan Fitzgerald](#)** on June 27, 2024*



FHLBank

System at 100

Focusing on the Future



The Federal Housing Finance Agency (FHFA) appears to be initiating the start of surrounding its previously announced plans to modernize the Federal Home Loan Bank (FHLB) system as it prepares to turn 100 years old at the end of this decade. The FHFA rolled out an official Request for Information (RFI) to solicit public comment on what they are calling an effort to understand “the mission of the Federal Home Loan Bank System,” as the FHFA considers next steps for related rulemakings.

As previously reported by the GoWest Advocacy team, the FHFA completed a yearlong review at the end of 2023, resulting in the *FHLB at 100* report, which you can view [here](#). The report was based on a number of interactions, inputs and data gathering completed by the FHFA, including listening sessions, roundtables, and written comments the Administration received between 2022 and the end of 2023 including direct input and a **comment letter** from the GoWest Credit Union Association.

GoWest continues to take a proactive approach to the FHFA’s review and any plans to modernize the FHLBank System in order to ensure the interest of GoWest credit unions are protected, and that the liquidity and stability currently offered by the FHLBanks is not eroded or dramatically altered by any proposed changes. GoWest credit unions who are FHLB members joined the advocacy team in participating in listening sessions with leaders of the FHLBanks of Des Moines and San Francisco. We also continue to work closely with key members of Congress, Senator Cynthia Lummis (R-WY)

and Rep. Juan Ciscomani (R-AZ-6), to ensure we take an active role in protecting key features of the system in the event Congress considers changes to the system, because of the report or other stakeholder input.

We will be discussing the rollout of the RFI at the upcoming Regulatory Advocacy Subcommittee. Moreover, we will continue to work with credit unions and members of the FHLBank system to review suggestions and proposals and deploy targeted advocacy to safeguard the interests of GoWest members and the integrity of the system at large.

Additional Background:

As previously mentioned, the *FHLB at 100* report calls for a number of proposed changes, both at the Administration level, via the proposed rulemaking process, while also outlining proposed statutory changes that must be taken up by Congress. At this juncture, the FHFA is seeking comments to initiate some of the proposed rulemaking that was suggested in the report; however, it is important to understand and reiterate that when Congress makes laws it usually establishes the purpose, mission and focus of an agency or program, known as legislative or Congressional intent. In looking at the report and this recent RFI, the FHFA may be seeking to alter or recalibrate Congressional intent for the FHLB, which is not the role of the Executive Branch, thus raising concerns of the FHLBanks, financial institutions and Congressional leaders.

While GoWest supports certain aspects of the *FHLB at 100* report recommendations, such as the expansion of eligible collateral, the reform of the Affordable Housing Program (AHP), and the curtailment of market-distorting advances by the nation's largest banks, we also have concerns, especially based on this initial RFI announcement. Some initial concerns include the recommendation that an FHLB member should maintain a certain level of mortgage assets and that they may attempt to tier the system based on meeting certain incentives for those borrowers who meet specific objectives regarding asset purchases or committing to certain aspect of the AHP outlined by the FHFA.