September 28, 2023

The Honorable Charles E. Schumer
Senate Majority Leader
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Richard J. Durbin
Senate Majority Whip
711 Hart Senate Building
Washington, D.C. 20510

The Honorable Mitch McConnell
Senate Minority Leader
317 Russell Senate Office Building
Washington, DC 20510

The Honorable John Thune
Senate Minority Whip
511 Dirksen Senate Office Building
Washington DC 20510

RE: Support for CFPB Section 1071 Rule and Opposition to Congressional Review Act to Overturn 1071 Rule

Dear Leader Schumer, Leader McConnell, Whip Durbin, and Whip Thune,

We, the 84 undersigned organizations, write to express strong support for the Consumer Financial Protection Bureau (CFPB)'s Section 1071 rule on Small Business Lending Data Collection under the Equal Credit Opportunity Act, and also to express strong opposition to any Congressional Review Act resolutions that would overturn CFPB Rule 1071.

Section 1071 of the Dodd-Frank Act amended the Equal Credit Opportunity Act (ECOA) to require financial institutions to compile, maintain, and submit to the Bureau certain data on applications for credit for all defined small businesses, including women and minority-owned small businesses. To be clear, Section 1071 is not optional – it is legally required by Dodd-Frank. CFPB's regulatory updates are designed to implement section 1071 as intended by Congress, and our organizations strongly support this effort.

The CFPB's regulatory updates are common sense efforts to improve the public's understanding of the impacts of lending, including agricultural lending, on-the-ground, and ultimately inform policy that is good for farmers, consumers, and our food and farm systems.

<u>Rule 1071 Is Pro-Farmer and Pro-Market</u>

The Section 1071 rule is pro-farmer. Young, beginning, and small farmers have consistently demanded more transparent and fair markets. Having accurate and public

data concerning the demographics primarily served by agricultural lenders will help farmers and consumers make better-informed financial decisions.

The Section 1071 rule is pro-market. The data required by Section 1071 will help lenders identify unmet credit needs and expand to new markets, especially in underserved communities. The rule contains no mechanism to penalize lenders based on the demographic data reported. Collecting loan applicant demographics is not new to the vast majority of lenders covered by this rule and many **Farm Credit System lenders already collect home loan borrower demographics** as required under the Home Mortgage Disclosure Act.

Why Agricultural Lending Data is Critical

Creating effective and fair policy requires data. To help ensure collection of more robust data, it is critical that agricultural lenders — including those regulated by the Farm Credit Administration, whose mission is to "ensure that Farm Credit System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America"[1] – participate in demographic reporting.

Two Government Accountability Office reports support the application of Section 1071 to agricultural lending: *Agricultural Lending: Information on Credit and Outreach to Socially Disadvantaged Farmers and Ranchers Is Limited,* and *Fair Lending: Data Limitations and the Fragmented U.S. Financial Regulatory Structure Challenge Federal Oversight and Enforcement Efforts,* which note that "Congress should consider requiring additional data collection and reporting for non-mortgage loans."[2]

Transparent demographic data from agricultural lenders may provide insight on such trends as the dramatic decline of Black representation in farming and farmland ownership, as chronicled in several government records:

- Federal Register announcement in Section 1002.104(A), "the share of minority representation in farming, particularly that of Black farmers, has declined sharply over the last 100 years." The precipitous decline is due in-part to historical lack of access to credit for Black farmers from agricultural lenders. Yet, the absence of data collection requirements make evaluation challenging in the extreme.
- Census Bureau 2019; USDA 2019: 90% of land accumulated by Black Farmers has been lost, and even though Black, Indigenous and other People of Color represent nearly one-quarter of the US population, they operate less than 5

[1] *About Us.* Farm Credit Administration. https://www.fca.gov/about/about-fca

[2] United States Government Accountability Office. (2019, July) *AGRICULTURAL LENDING Information on Credit and Outreach to Socially Disadvantaged Farmers and Ranchers Is Limited.* https://www.gao.gov/assets/gao-19-539.pdf

percent of the nation's declining number of farms, and cultivate less than 1 percent of its farmland

Additionally, we also **oppose H.R. 2423, the Farm Credit Administration Independent Authority Act**, which would exempt the Farm Credit Administration from the CFPB Section 1071 rule.

Conclusion

The undersigned organizations urge you to support the Consumer Financial Protection Bureau's strong support for the Consumer Financial Protection Bureau (CFPB)'s Section 1071 rule on Small Business Lending Data Collection under the Equal Credit Opportunity Act, and also to express strong opposition to any Congressional Review Act resolutions that would overturn CFPB Rule 1071.

Sincerely,

National Organizations

American Society for the Prevention of Cruelty to Animals
Americans for Financial Reform
Campaign for Family Farms and the Environment
CDFI Coalition
Center for Responsible Lending & Self-Help
Consumer Federation of America
Farm Aid
Farms to Grow, Inc.
Fair Food Network
Food Animal Concerns Trust
Food Culture Collective
Friends of the Earth
HEAL (Health, Environment, Agriculture, Labor) Food Alliance
Health Care Without Harm
Institute for Agriculture and Trade Policy
Jubilee Justice
National Association for Latino Community Asset Builders
National Black Food and Justice Alliance
National Community Reinvestment Coalition (NCRC)
National Family Farm Coalition
National LGBTQ Task Force

National Sustainable Agriculture Coalition
National Young Farmers Coalition
North American Marine Alliance
Not Our Farm
Opportunity Finance Network
Organic Farming Research Foundation
Pesticide Action Network North America
Real Food Media
Revolving Door Project
Rural Advancement Foundation International-USA (RAFI-USA)
Rural Coalition
Sustainable Agriculture and Food Systems Funders
Union of Concerned Scientists
Women, Food and Agriculture Network (WFAN)
Woodstock Institute

Local/State/Regional Organizations

Alabama
Alabama State Association of Cooperatives

California
Avila Fund
California FarmLink
CAMEO (California Association for Micro Enterprise Opportunity)
Community Alliance with Family Farmers
Feed Black Futures
Rise Economy (formerly California Reinvestment Coalition)
San Diego Food System Alliance
Urban Tilth

Colorado
4th World Farm
Nourish Colorado

Delaware
Delaware Community Reinvestment Action Council, Inc.

Florida
Farmworker Association of Florida
Florida Veterans for Common Sense

Georgia
Georgia Watch

Illinois
Chicago Food Policy Action Council
Illinois Food Justice Alliance

Iowa
Climate Land Leaders

Maine
Coastal Enterprises, Inc.
Maine Organic Farmers and Gardeners Association

Massachusetts
HCC Consulting
Springfield Food Policy Council

Minnesota
Appetite For Change
African Immigrant Farmers Alliance
Bois Forte Food Sovereignty Group (Bois Forte Tribal Communities at Nett Lake and Lake Vermilion Reservations)
Climate Land Leaders
Global GreenBiz
Midwest Farmers of Color Collective
Minnesota Farmers' Market Association
Multicultural Kids Network
Land Stewardship Project
Renewing the Countryside
Roots Return Heritage Farm LLC

New Mexico
Agri-Cultura Cooperative Network
La Semilla Food Center

North Carolina
American Indian Mothers Inc
Carolina Farm Stewardship Association
Hawk's Nest Healing Gardens, LLC
Toxic Free North Carolina

New York
Empire Justice Center
Northeast Organic Farming Association of New York (NOFA-NY)
Our Core Inc.
Soul Fire Farm

Ohio
Ohio Ecological Food and Farm Association

Pennsylvania
Pasa Sustainable Agriculture

South Carolina
Carolina Farm Stewardship Association

South Dakota
Climate Land Leaders

Virginia
Cultivate Charlottesville

West Virginia
Partner Community Capital

Wisconsin
Climate Land Leaders
Midwest Farmers of Color Collective