



1700 G Street NW, Washington, DC 20552

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Small Business Lending Rule Info Sheet: When must a financial institution begin collecting data and complying with the small business lending rule?

Generally, the small business lending rule (final rule) requires a financial institution¹ that is a covered financial institution for a given calendar year to collect data and otherwise comply with the final rule for that calendar year. Pursuant to the final rule, a financial institution is a covered financial institution for a given calendar year if it originated at least 100 covered originations in each of the two preceding calendar years. For example, a financial institution is a covered financial institution for 2026 if it had at least 100 covered originations for both calendar year 2024 and calendar year 2025.

However, as discussed below, not all covered financial institutions are required to begin complying with the final rule at the same time. This is because the final rule includes compliance date tiers that establish different initial compliance dates depending on the number of covered originations that a financial institution originated in 2022 and 2023. Thus, an important implementation step will be to determine the number of covered originations that a

This is a Compliance Aid issued by the Consumer Financial Protection Bureau. The CFPB published a Policy Statement on Compliance Aids, available at <http://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/policy-statement-compliance-aids/>, that explains the CFPB's approach to Compliance Aids.

¹ For purposes of the final rule, a financial institution is any partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or other entity that engages in any financial activity.

financial institution originated in 2022 and to determine the number of covered originations that the financial institution originates in 2023.

Generally, a covered origination is a covered credit transaction that the financial institution originates to a small business.³ However, amendments, renewals, and extensions of existing transactions are not covered originations, even if they increase the credit line or credit amount of the existing transaction. If a financial institution does not have sufficient information readily available to determine if its originations for 2022 and 2023 were made to small businesses (as that term is defined in the final rule), the financial institution may use any reasonable method to estimate its covered originations for either or both of those two years. For instance, if a financial institution that does not have readily accessible information regarding which of its covered credit transactions were originated to small businesses prior to October 1, 2023, the financial institution can annualize its covered originations based on the number of covered credit transactions it originated to small businesses between October 1 and December 31, 2023 and use that annualized number to determine its covered originations for 2022, 2023, or both years. Also, as illustrated in the examples below, a financial institution may assume that all of the covered credit transactions it originated in 2022 and/or 2023 were made to small businesses.

The chart immediately below illustrates the compliance date tiers that financial institutions will need to consider when determining when they must begin collecting data and otherwise complying with the final rule.

Compliance date tier	Origination threshold for the compliance date tier	Date that a covered financial institution begins collecting data and otherwise complying with the final rule	Deadline for a covered financial institution to report first year of data to the CFPB
Tier 1	At least 2,500 covered originations in both 2022 and 2023	October 1, 2024	June 1, 2025

³ Additional information about covered financial institutions, small businesses, covered credit transactions, and compliance dates is available in the Executive Summary of the Small Business Lending Rule, which is available at www.consumerfinance.gov/compliance/compliance-resources/small-business-lending-resources/small-business-lending-collection-and-reporting-requirements.

Compliance date tier	Origination threshold for the compliance date tier	Date that a covered financial institution begins collecting data and otherwise complying with the final rule	Deadline for a covered financial institution to report first year of data to the CFPB
Tier 2	At least 500 covered originations in both 2022 and 2023 but not 2,500 or more covered originations in both 2022 and 2023	April 1, 2025	June 1, 2026
Tier 3	At least 100 covered originations in both 2022 and 2023 but not 500 or more covered originations in both 2022 and 2023	January 1, 2026	June 1, 2027

Additionally, even if it originated fewer than 100 covered originations in 2022 or 2023, a financial institution that originates at least 100 covered originations in 2024 and 2025 must collect data and otherwise comply with the final rule beginning January 1, 2026.

The remainder of this info sheet discusses whether a financial institution must collect data and otherwise comply with the final rule for specific years.

Does my financial institution need to comply with the final rule for 2024?

A financial institution is only required to begin collecting data and otherwise complying with the final rule for 2024 if it meets the origination threshold for the Tier 1 compliance date. Thus, a financial institution must begin collecting data and otherwise complying with the final rule on October 1, 2024 if that financial institution originated at least 2,500 covered originations in both 2022 and 2023. If a financial institution is required to collect data for 2024, it must report that data to the CFPB by June 1, 2025. It must also comply with the final rule’s other provisions, such as the firewall provision and the recordkeeping provisions, with regard to the data collected for 2024.

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The following flowchart may be used to help determine if a financial institution is required to collect data and otherwise comply with the final rule for 2024:

Did the financial institution originate 2,500 or more covered originations in **both** 2022 and 2023?

Yes

✔ **Covered.** Beginning October 1, 2024, the financial institution is required to collect data and otherwise comply with the final rule for 2024.

The financial institution must report 2024 data by June 1, 2025.

No

✘ **Not Covered.** The financial institution is not required to collect data or otherwise comply with the final rule for 2024.

However, the financial institution must determine if it is required to collect data and otherwise comply for later years.

Example 1: Bank originates 2,600 covered originations in 2022 and 2,800 covered originations in 2023. Based on its 2022 and 2023 originations, Bank meets the origination threshold for the Tier 1 compliance date and is required to collect data and otherwise comply with the final rule beginning on October 1, 2024. It is required to report the data collected for 2024 to the CFPB by June 1, 2025.

Example 2: Lender has 2,000 covered originations in 2022 and 3,000 covered originations in 2023. Although Lender is a covered financial institution for 2024, it does not meet the origination threshold for the Tier 1 compliance date because it did not have at least 2,500 covered originations in 2022. Thus, it is not required to collect data or otherwise comply with the final rule for 2024. However, it must determine if it is required to collect data and otherwise comply for later years.

Example 3: In 2022, Lender originates 2,850 transactions that would be covered originations if they were made to small businesses, but Lender does not have sufficient information readily available to determine whether the borrowers are small businesses pursuant to the final rule. Beginning on August 1, 2023, Lender begins asking applicants for business credit transactions whether they had gross annual revenue of \$5

million or less in the applicant's prior fiscal year in order to determine if covered credit transactions originated between October 1 and December 31, 2023 are covered originations. Lender originates 650 covered originations between October 1 and December 31, 2023. Lender annualizes this number to determine that it originated 2,600 covered originations and applies this annualized number to 2022 and 2023. Because Lender determines that it originated 2,600 covered originations in both 2022 and 2023, Lender is required to collect data and otherwise comply with the final rule for 2024. It is required to report the data collected for 2024 to the CFPB by June 1, 2025.

Example 4: In 2022, Lender originates 1,900 transactions that would be covered originations if they were made to small businesses, but Lender cannot readily determine whether the borrowers were small businesses as defined in the final rule. Lender can assume that all 1,900 of its originations in 2022 are covered originations and use that number to determine that it does not satisfy the origination threshold for the Tier 1 compliance date. Regardless of how many covered originations it has for 2023, Lender does not satisfy the Tier 1 compliance date threshold because it did not have at least 2,500 covered originations for both 2022 and 2023. It is not required to collect data or otherwise comply with the final rule for 2024. However, Lender must determine if it is required to collect data and otherwise comply with the final rule for later years.

Example 5: In 2022, Bank originates 3,100 transactions that would be covered originations if they were made to small businesses. Bank obtains some information about applicants' gross annual revenue for these transactions but determines that it does not have sufficient information readily available to determine whether some of the transactions were made to small businesses as defined in the final rule. Bank collects all business credit applicants' gross annual revenue for transactions originated in 2023. Using this information, Bank determines that it originates 2,490 covered originations between January 1 and December 31, 2023. Regardless of the number of covered originations it had in 2022, Bank does not satisfy the origination threshold for the Tier 1 compliance date because it did not have at least 2,500 covered originations in both 2022 and 2023. It is not required to collect data or otherwise comply with the final rule for 2024. However, Bank must determine if it is required to collect data and otherwise comply with the final rule for later years.

Example 6: Assume facts similar to those in example 5, above, except that Bank originates 2,510 covered originations in 2023. Bank may assume that all of the covered credit transactions it originated in 2022 were made to small businesses. If it does so, Bank satisfies the origination threshold for the Tier 1 compliance date and is required to collect data and otherwise comply with the final rule for 2024. Alternatively, Bank may use the number of covered originations it originates between October 1, 2023 and December 31, 2023 to determine its compliance date tier. Assume Bank originates 650 covered originations between October 1 and December 31, 2023. Using this number, Bank determines its annualized number of covered originations for 2022 is 2600 ($650 \times 4 = 2600$). Using this annualized number of originations and its actual number of covered originations (i.e., 2,510) for 2023, Bank satisfies the Tier 1 compliance date threshold and is required to collect data and otherwise comply with the final rule for 2024. Finally, although the information is not readily available, Bank may decide to locate or obtain sufficient information to determine which of its 2022 covered credit transactions were made to small businesses. Assume Bank locates or obtains sufficient information to determine that it had no more than 2,499 covered originations for 2022. In this case, Bank does not satisfy the Tier 1 compliance date threshold because it did not originate at least 2,500 covered originations in 2022. Although it is not required to collect data or otherwise comply with the final rule for 2024, it must determine if it is required to collect data and otherwise comply with the final rule for later years.

Example 7: Credit Union originates 75 covered originations in 2023. Regardless of the number of covered originations it had in 2022, Credit Union is not required to collect data or otherwise comply with the final rule for 2024, but it must determine if it is required to collect data and otherwise comply for later years.

Does my financial institution need to comply with the final rule for 2025?

If a financial institution that is required to collect data and otherwise comply with the final rule for 2024 (i.e., the financial institution meets the origination threshold for the Tier 1 compliance date) originates at least 100 covered originations in 2024, it must collect data for all of calendar year 2025 and otherwise comply with the final rule for 2025. Among other things, it must collect data for calendar year 2025 and report that data by June 1, 2026. It must also comply

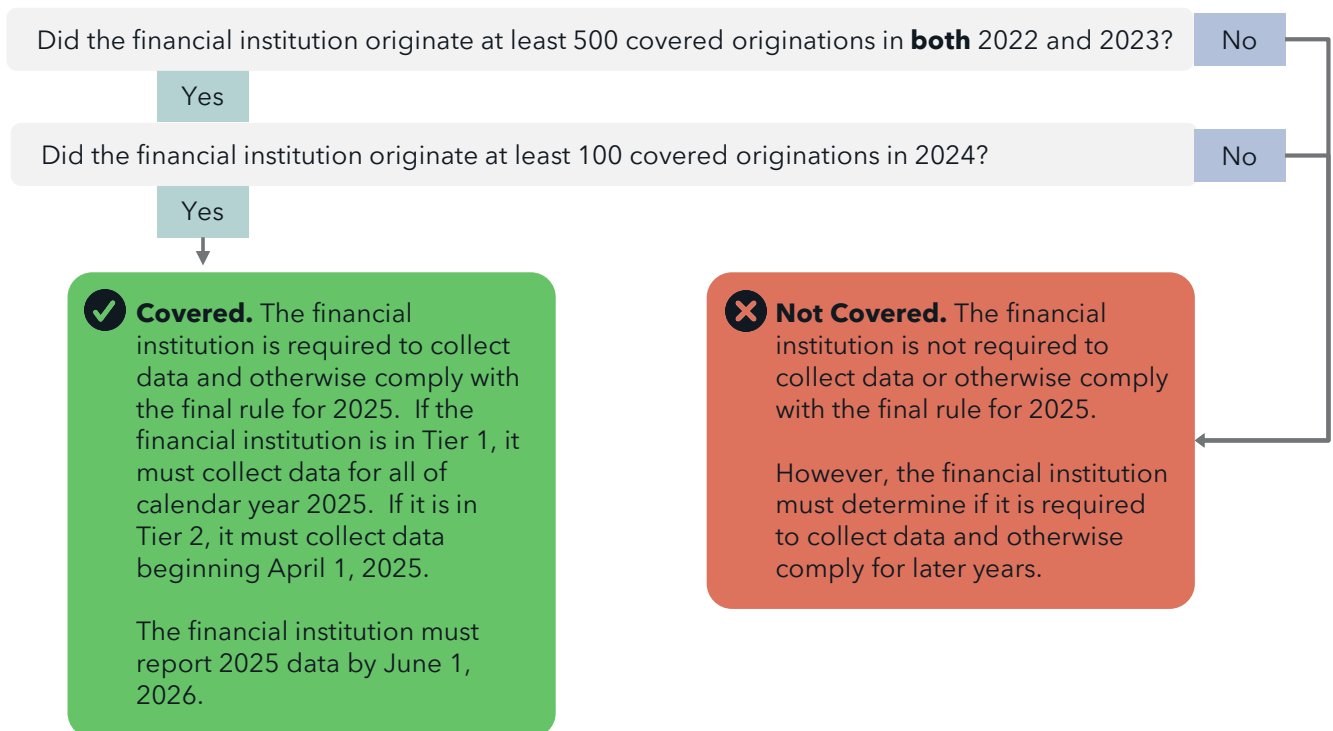
with the final rule’s other provisions with regard to the data collected for 2025. Conversely, if a financial institution that is required to collect data and otherwise comply for 2024 does not originate at least 100 covered originations in 2024, the financial institution is not a covered financial institution for 2025. It must report the data it collected in 2024 by June 1, 2025, but it is not required to collect data for 2025.

If a financial institution is not required to collect data or otherwise comply for 2024, it must begin collecting data and otherwise complying with the final rule on April 1, 2025 if it:

- **Meets the origination threshold for the Tier 2 compliance date.** This means that it originated at least 500 covered originations in both 2022 and 2023; and
- **Meets the origination threshold to be a covered financial institution for 2025.** This means that it originated at least 100 covered originations in 2023 and 2024.

If a financial institution is required to collect data for 2025, it must report that data to the CFPB by June 1, 2026. It must also comply with the final rule’s other provisions with regard to the data collected for 2025.

The following flowchart may be used to help determine if a financial institution is required to collect data and otherwise comply with the final rule in 2025:



Example 1: Bank originates 520 covered originations in 2022, 510 covered originations in 2023, and 420 covered originations in 2024. Based on its 2022 and 2023 originations, Bank does not meet the origination threshold for the Tier 1 compliance date, but does meet the origination threshold for the Tier 2 compliance date. Additionally, Bank meets the origination threshold to be a covered financial institution for 2025. Thus, Bank is required to begin collecting data for 2025 on April 1, 2025 and otherwise complying with the final rule on April 1, 2025. Bank is required to report its 2025 data to the CFPB by June 1, 2026.

Example 2: Lender originates 510 covered originations in 2022, 502 covered originations in 2023, and 99 covered originations in 2024. Although Lender meets the origination threshold for the Tier 2 compliance date, it does not meet the origination threshold to be a covered financial institution for 2025. It is not required to collect data or otherwise comply with the final rule for 2025. However, it must determine if it is required to collect data and otherwise comply for later years.

Example 3: In 2022, Lender originates 510 transactions that would be covered originations if they were made to small businesses, but Lender does not collect information sufficient to determine whether its borrowers are small businesses as defined in the final rule. Lender begins asking applicants whether they had gross annual revenue of \$5 million or less in the applicant's prior fiscal year in order to determine if the transactions it originates on or after October 1, 2023 are covered originations. Lender determines that it originated 147 covered originations between October 1 and December 31, 2023. Lender annualizes this number to determine that it originated 588 covered originations and applies this annualized number to 2022 and 2023. Lender originates 485 covered originations in 2024. Because Lender determines that it originated 588 covered originations in both 2022 and 2023, Lender meets the origination threshold for the Tier 2 compliance date. Because Lender determines that it originated 588 covered originations in 2023 and 485 covered originations in 2024, it meets the origination threshold to be a covered financial institution for 2025. It is required to collect data for 2025 and otherwise comply with the final rule beginning on April 1, 2025. It must submit its 2025 data to the CFPB by June 1, 2026.

Example 4: In 2022, Lender originates 215 transactions that would be covered originations if they were made to small businesses, but Lender does not collect information sufficient to determine whether an applicant is a small business pursuant to the final rule. Lender assumes that all 215 transactions are covered originations. Regardless of the number of covered originations it has for 2023, Lender does not satisfy the origination threshold for the Tier 2 compliance date and is not required to collect data or otherwise comply with the final rule for 2025. However, it must determine if it is required to collect data and otherwise comply for later years.

Example 5: Credit Union originates 85 covered originations in 2022, 90 covered originations in 2023, and 105 covered originations in 2024. Credit Union does not meet the origination threshold to be a covered financial institution for 2025 and is not required to collect data or otherwise comply with the final rule for 2025. However, it must determine if it is required to collect data and otherwise comply for later years.

Example 6: Lender is a new company and begins originating covered credit transactions in 2023. It originates 525 covered originations in 2023 and 550 covered originations in 2024. Because Lender did not have any originations in 2022, it does not satisfy the origination threshold for the Tier 2 compliance date and is not required to collect data or otherwise comply with the final rule for 2025. However, it must determine if it is required to collect data and otherwise comply for later years.

Does my financial institution need to comply with the final rule for 2026 or later years?

For 2026 and later years, the final rule does not have separate origination thresholds for compliance date tiers and institutional coverage. Instead, a financial institution must comply for a given calendar year if it satisfies the general origination threshold for that year (i.e., the financial institution originated at least 100 covered originations in both of the two immediately preceding calendar years). Thus, if a financial institution satisfies the origination threshold to be a covered financial institution for 2026 or for a later year, the financial institution must comply with the final rule for that year. It must collect data for the calendar year and report that data by the following June 1. It must also comply with the final rule's other provisions with regard to the data collected.

For example, if a financial institution originates at least 100 covered originations in both 2024 and 2025, it is a covered financial institution and is required to collect data for 2026 and otherwise comply with the final rule for calendar year 2026. The covered financial institution must report to the CFPB the data collected in 2026 by June 1, 2027.

Similarly, a financial institution that originates at least 100 covered originations in both 2025 and 2026 is a covered financial institution for 2027. It must collect data for calendar year 2027 and report that data to the CFPB by June 1, 2028. It also must otherwise comply with the final rule with regard to the data collected for 2027.

The following flowchart may be used to help determine if a financial institution is required to collect data and otherwise comply with the final rule for 2026 or later years:



Example 1: Bank originates 490 covered originations each year between 2022 and 2025. Based on the compliance date tiers in the final rule, Bank is not required to collect data or otherwise comply with the final rule until January 1, 2026. It must collect data for 2026, report its 2026 data to the CFPB by June 1, 2027, and otherwise

comply with the final rule for 2026. If Bank originates at least 100 covered originations in 2026, it will also be a covered financial institution and required to collect data for 2027 and otherwise comply with the final rule for 2027.

Example 2: Credit Union originates 85 covered originations in 2022, 90 covered originations in 2023, 105 covered originations in 2024, and 95 covered originations in 2025. Credit Union is not a covered financial institution and is not required to collect data or otherwise comply with the final rule for 2024, 2025, or 2026. Additionally, because Credit Union did not originate at least 100 covered originations in 2025, it will not be a covered financial institution and will not be required to collect data or otherwise comply with the final rule for 2027. However, it must determine if it is required to collect data and otherwise comply for later years.

Example 3: In 2022, Lender originates 145 transactions that would be covered originations if they were made to small businesses and assumes that all 145 transactions are covered originations. Because it did not originate at least 500 covered originations in 2022 and 2023, the earliest that Lender could be required to collect data and otherwise comply with the final rule is January 1, 2026. Lender begins asking all applicants for business credit for their gross annual revenues beginning in October 2023 and is able to determine if applicants are small businesses for all covered credit transactions originated on or after January 1, 2024. Lender originates 125 covered originations in 2024 and 95 covered originations in 2025. Lender is not a covered financial institution and is not required to collect data or otherwise comply with the final rule for 2024, 2025, or 2026. Additionally, because Lender did not originate at least 100 covered originations in 2025, it will not be a covered financial institution and will not be required to collect data or otherwise comply with the final rule for 2027. However, it must determine if it is required to collect data and otherwise comply for later years.