

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 2027 if it originated at least 100 covered originations in both calendar year 2025 and calendar year 2026.

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 certain calendar years. Initially, the final rule required financial institutions to determine their compliance date tier based on their covered originations for calendar years 2022 and 2023. However, in light of court orders entered in litigation, the CFPB issued an interim final rule extending the compliance dates and giving financial institutions the option to instead determine their compliance date tier based on

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.

their covered originations for calendar years 2023 and 2024. In the remainder of this info sheet, the term “final rule” means the rule as issued on March 30, 2023 and amended by the interim final rule issued on June 25, 2024.

Generally, a covered origination is a covered credit transaction that the financial institution originates to a small business.² 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 (or alternatively, for 2023 and 2024) 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 and 2023. Similarly, 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, 2024, 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, 2024 and use that annualized number to determine its covered originations for 2023 and 2024. 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 (or alternatively, in 2023 and/or 2024) 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.

² Additional information about covered financial institutions, small businesses, covered credit transactions, and compliance dates is available in the Small Entity Compliance Guide, 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 1	At least 2,500 covered originations in both 2022 and 2023 (or both 2023 and 2024)	July 18, 2025	June 1, 2026
Tier 2	At least 500 covered originations in both 2022 and 2023 (or both 2023 and 2024) and not in Tier 1	January 16, 2026	June 1, 2027
Tier 3	At least 100 covered originations in both 2022 and 2023 (or both 2023 and 2024) and not in Tier 1 or Tier 2	October 18, 2026	June 1, 2027
Additionally, a financial institution that originates at least 100 covered originations in both 2024 and 2025 must collect data and otherwise comply with the final rule beginning October 18, 2026 (regardless of the number of covered originations it originated in prior years).			

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?

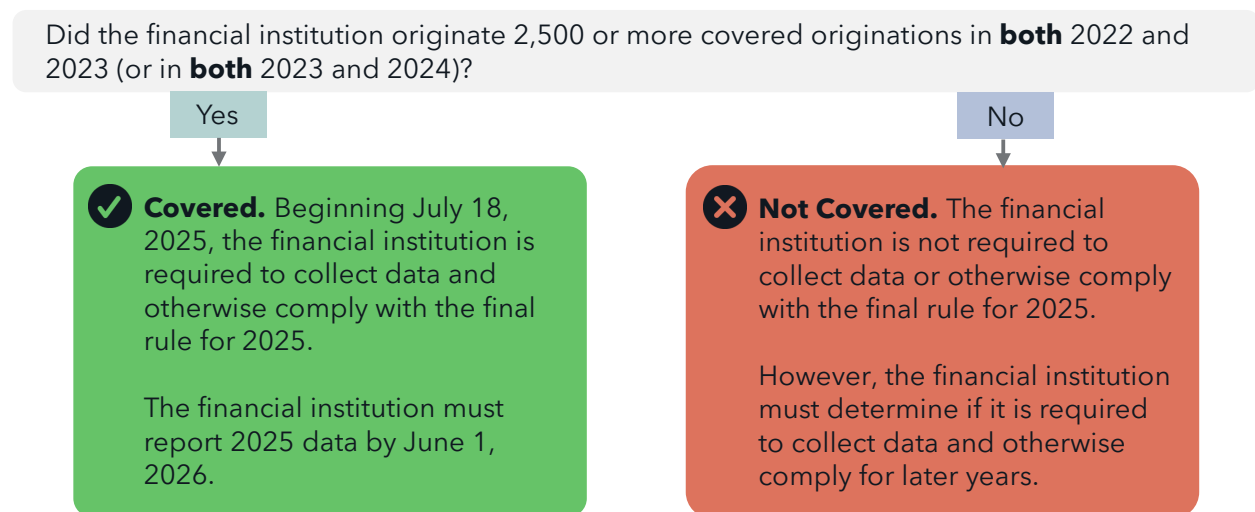
Because the interim final rule issued on June 25, 2024 extended the final rule's compliance dates, no financial institutions are required to comply with the final rule in 2024.

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

A financial institution is only required to begin collecting data and otherwise complying with the final rule for 2025 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 by July 18, 2025 if that financial institution originated at least 2,500 covered originations in both 2022 and 2023 (or in both 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, such as the firewall provision and the recordkeeping 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 for 2025:



Example 1: Lender originates 2,600 covered originations in 2022, 2,800 covered originations in 2023, and 2,400 covered originations in 2024. Based on its 2022 and 2023 originations, Lender 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 July 18, 2025. It is required to report the data collected for 2025 to the CFPB by June 1, 2026. However, pursuant to the interim final rule, a financial institution is permitted to determine its compliance date tier based on its 2023 and 2024 covered originations. If Lender chooses to determine its compliance date tier based on its covered originations for 2023 and 2024, it does not meet the origination threshold for Tier 1 because it did not originate at least 2,500 covered originations in 2024. Thus, 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 2: Lender has decided to determine its compliance date tier based on its 2022 and 2023 covered originations. Lender originates 2,000 covered originations in 2022 and 3,000 covered originations in 2023. Lender 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 2025. This is true even though Lender has 2,500 or more covered originations 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. Assume that Lender has decided to determine its compliance date tier based on its 2022 and 2023 covered originations. Lender annualizes its number of covered originations between October 1 and December 31, 2023 and applies this annualized number to 2022 and 2023. Because Lender determines that it originated 2,600 covered originations ($650 \times 4 = 2,600$) in both 2022 and 2023, Lender is required to collect data and otherwise comply with the final rule for 2025. It is required to report the data collected for 2025 to the CFPB by June 1, 2026. However, Lender has the option to determine its compliance date tier based on its 2023 and 2024 covered originations. Assume that Lender originates 2,400 covered originations in 2024. If Lender decides to determine its compliance date tier based on its 2023 and 2024 covered originations, Lender does not meet the origination threshold for Tier 1 because it did not originate at least 2,500 covered originations in 2024. Thus, 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 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 (if it decides to use its 2022 and 2023 covered originations to determine its compliance date tier) because it did not have at least 2,500 covered originations for both 2022 and 2023. It is not required to use its 2023 and 2024 covered originations to determine its compliance date tier. Lender is not required to collect data or otherwise comply with the final rule for 2025. 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, Lender originates 3,100 transactions that would be covered originations if they were made to small businesses. Lender 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. Lender collects all business credit applicants' gross annual revenue for transactions originated in 2023 and 2024. Using this information, Lender determines that it originates 2,490 covered originations in 2023 and 2,510 covered originations in 2024. Lender does not satisfy the origination threshold for the Tier 1 compliance date because it did not have at least 2,500 covered originations in 2023. It is not required to collect data or otherwise comply with the final rule for 2025. However, Lender 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 Lender originates 2,510 covered originations in 2023. Lender may assume that all of the covered credit transactions it originated in 2022 were made to small businesses. If it does so, Lender satisfies the origination threshold for the Tier 1 compliance date and is

required to collect data and otherwise comply with the final rule for 2025.

Alternatively, Lender may use the number of covered originations it originates between October 1, 2023 and December 31, 2023 to determine its compliance date tier. Assume Lender originates 650 covered originations between October 1 and December 31, 2023. Using this number, Lender determines its annualized number of covered originations for 2022 is 2,600 ($650 \times 4 = 2,600$). Using this annualized number of originations and its actual number of covered originations (i.e., 2,510) for 2023, Lender satisfies the Tier 1 compliance date threshold and is required to collect data and otherwise comply with the final rule for 2025. Additionally, although the information is not readily available, Lender may decide to locate or obtain sufficient information to determine which of its 2022 covered credit transactions were made to small businesses. Assume Lender locates or obtains sufficient information to determine that it had no more than 2,499 covered originations for 2022. In this case, Lender does not satisfy the Tier 1 compliance date threshold because it did not originate at least 2,500 covered originations in 2022. Lender could also choose to determine its compliance date tier based on its covered originations in 2023 and 2024. Assume Lender originates 2,450 covered originations in 2024. In that case, Lender does not satisfy the Tier 1 compliance date threshold because it did not originate at least 2,500 covered originations in 2023 and 2024. Although it is not required to collect data or otherwise comply with the final rule for 2025, it must determine if it is required to collect data and otherwise comply with the final rule for later years.

Example 7: Lender originates 75 covered originations in 2023. Regardless of the number of covered originations it had in 2022 or 2024, Lender is not required to collect data or otherwise comply with the final rule for 2025, but it must determine if it is required to collect data and otherwise comply with the final rule for later years.

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

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

things, it must collect data for calendar year 2026 and report that data by June 1, 2027. It must also comply with the final rule's other provisions with regard to the data collected for 2026. Conversely, if a financial institution that is required to collect data and otherwise comply for 2025 does not originate at least 100 covered originations in both 2024 and 2025, the financial institution is not a covered financial institution for 2026. It must report the data it collected in 2025 by June 1, 2026, but it is not required to collect data for 2026.

If a financial institution is not in Tier 1 (i.e., it is not required to collect data or otherwise comply with the final rule for 2025), it must begin collecting data and otherwise complying with the final rule on January 16, 2026 if it:

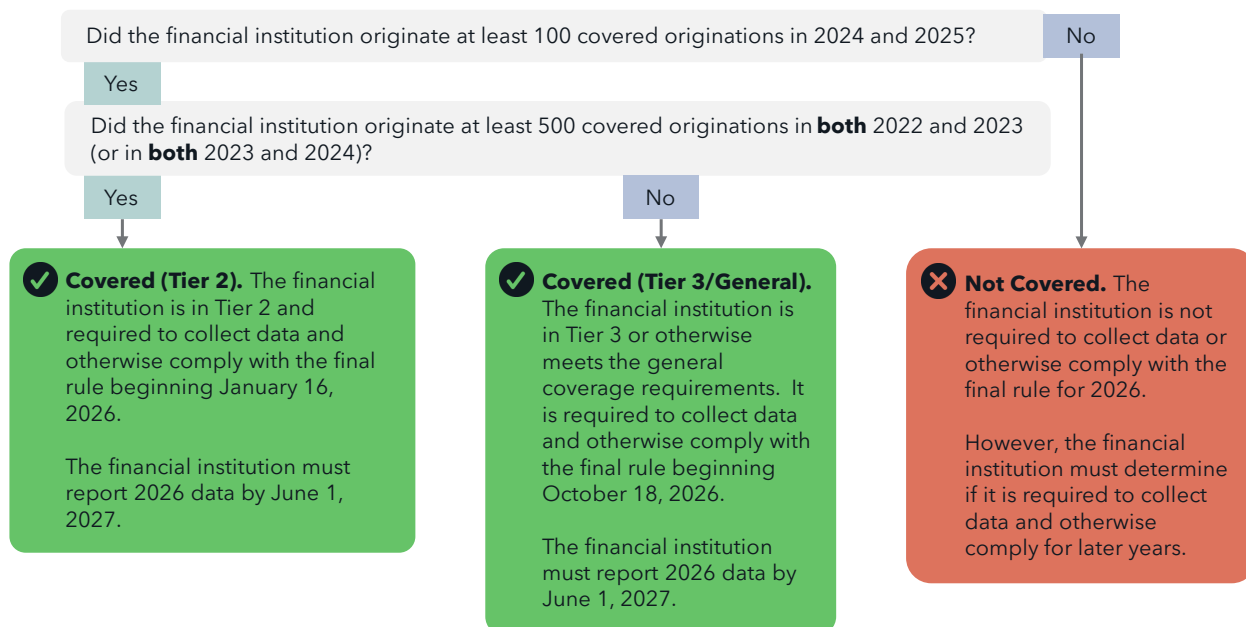
- **Meets the origination threshold for the Tier 2 compliance date.** This means that it originated at least 500 covered originations in both 2022 and 2023 (or in both 2023 and 2024); and
- **Meets the origination threshold to be a covered financial institution for 2026.** This means that it originates at least 100 covered originations in 2024 and 2025.

If a financial institution is not in Tier 1 (i.e., it is not required to collect data or otherwise comply with the final rule for 2025) and is not in Tier 2 (i.e., it is not required to collect data or otherwise comply with the final rule beginning January 16, 2026), it must begin collecting data and otherwise complying with the final rule on October 18, 2026 if it originates at least 100 covered originations in 2024 and 2025. This is true regardless of whether the financial institution meets the origination threshold for the Tier 3 compliance date because, for a financial institution that originates at least 100 covered originations in 2024 and 2025, the Tier 3 compliance date and the compliance date under the final rule's general coverage provisions³ are the same. As noted above, regardless of the number of covered originations it originated in prior years, a financial institution that originates at least 100 covered originations in both 2024 and 2025 is a covered financial institution for 2026 and must collect data and otherwise comply with the final rule beginning October 18, 2026.

If a financial institution is required to collect data for 2026, it must report that data to the CFPB by June 1, 2027. It must also comply with the final rule's other provisions with regard to the data collected for 2026.

The following flowchart may be used to help determine if a financial institution that is not in Tier 1 is required to collect data and otherwise comply with the final rule in 2026:

³ See 12 CFR 1002.114(b)(4).



Example 1: Lender originates 520 covered originations in 2022, 510 covered originations in 2023, 420 covered originations in 2024, and 420 covered originations for 2025. Based on its 2022 and 2023 originations, Lender 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, Lender meets the origination threshold to be a covered financial institution for 2026. Thus, if Lender decides to use its 2022 and 2023 covered originations to determine its compliance date tier, it is required to begin collecting data and otherwise complying with the final rule on January 16, 2026. Alternatively, Lender is permitted to determine its compliance date tier based on its 2023 and 2024 covered originations. In that case, Lender does not meet the origination threshold for Tier 2 and is required to begin collecting data and otherwise complying with the final rule on October 18, 2026. In either case, Lender is required to report its 2026 data to the CFPB by June 1, 2027.

Example 2: Lender originates 510 covered originations in 2022, 502 covered originations in 2023, 500 covered originations in 2024, and 99 covered originations in 2025. 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 2026.

It is not required to collect data or otherwise comply with the final rule for 2026. 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 continues to ask applicants for their gross annual revenue, and originates 485 covered originations in 2024 and 2025. 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 if it decides to use its 2022 and 2023 covered originations to determine its compliance date tier. However, if Lender decides to use its 2023 and 2024 covered originations to determine its compliance date tier it is not in Tier 2 because it did not originate at least 500 covered originations in 2024. Assume Lender decides to determine its compliance date tier based on its 2023 and 2024 covered originations. Because Lender determines that it originated 588 covered originations in 2023 and 485 covered originations in 2024, it is required to collect data for 2026 and otherwise comply with the final rule beginning on October 18, 2026. It must submit its 2026 data to the CFPB by June 1, 2027.

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. Lender decides to use its 2022 and 2023 covered originations to determine its compliance date tier. Regardless of the number of covered originations it has for 2023, Lender does not satisfy the origination threshold for the Tier 2 compliance date. However, Lender must determine if it is required to collect data and otherwise comply

by October 18, 2026. Assume Lender originates 200 covered originations in 2024 and 2025. In that case, Lender is required to begin collecting data and otherwise complying with the final rule on October 18, 2026. It must submit its 2026 data to the CFPB by June 1, 2027. Additionally, it must determine if it is required to collect data and otherwise comply for later years.

Example 5: Lender originates 85 covered originations in 2022, 90 covered originations in 2023, 105 covered originations in 2024, and 100 covered originations in 2025. Lender meets the origination threshold to be a covered financial institution for 2026 and is required to collect data or otherwise comply with the final rule beginning on October 18, 2026. It must submit its 2026 data to the CFPB by June 1, 2027. Additionally, 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 2024. It originates 525 covered originations in 2024 and 550 covered originations in 2025. Because Lender did not have any originations in 2023, it does not satisfy the origination threshold for the Tier 2 compliance date. However, it is a covered financial institution for 2026 because it originated at least 100 covered transactions in 2024 and 2025. It is required to begin collecting data and otherwise complying with the final rule on October 18, 2026. It must submit its 2026 data to the CFPB by June 1, 2027. Additionally, 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 2027 or later years?

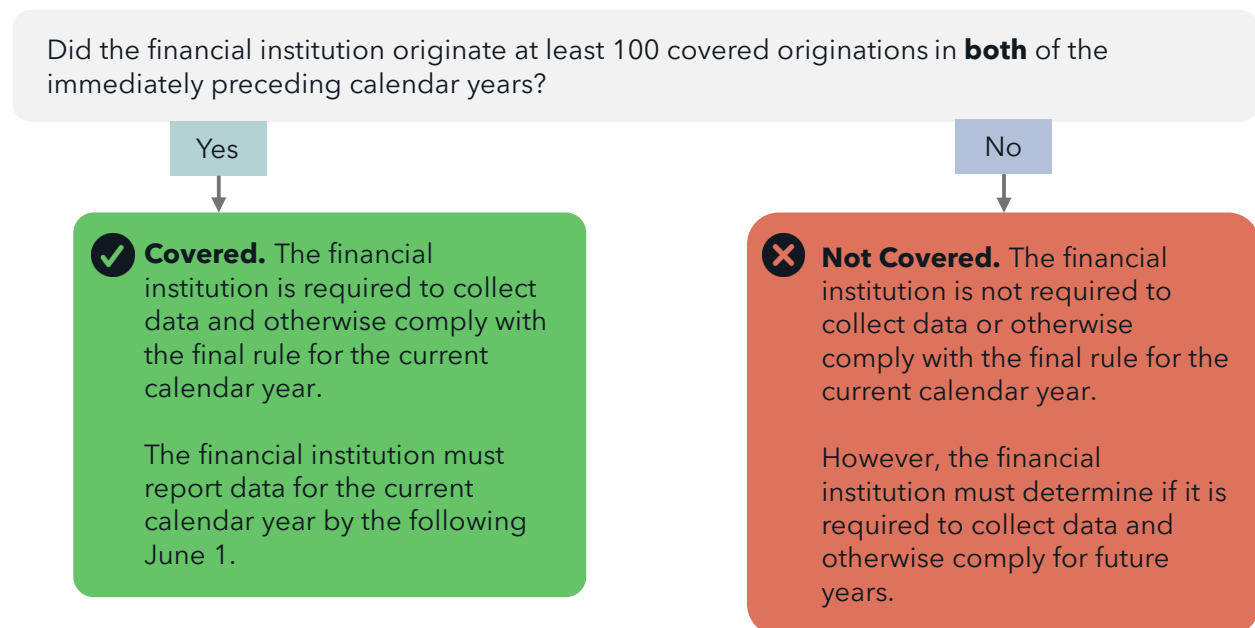
For 2027 and later years, the final rule does not have separate origination thresholds for compliance date tiers and institutional coverage. Instead, a financial institution must comply for a given calendar year if it satisfies the general coverage threshold for that year (i.e., the financial institution 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 2027 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 2025 and 2026, it is a covered financial institution and is required to collect data for 2027 and otherwise comply with the final rule for calendar year 2027. The covered financial institution must report to the CFPB the data collected in 2027 by June 1, 2028.

Similarly, a financial institution that originates at least 100 covered originations in both 2026 and 2027 is a covered financial institution for 2028. It must collect data for calendar year 2028 and report that data to the CFPB by June 1, 2029. It also must otherwise comply with the final rule with regard to the data collected for 2028.

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 2027 or later years:



Example 1: Lender originates 90 covered originations each year between 2022 and 2024. Lender originates 110 covered originations in 2025 and 2026. Based on the compliance date tiers in the final rule, Lender is not required to collect data or

otherwise comply with the final rule until January 1, 2027. It must collect data for 2027, report its 2027 data to the CFPB by June 1, 2028, and otherwise comply with the final rule for 2027. If Lender originates at least 100 covered originations in 2027, it will also be a covered financial institution and required to collect data for 2028 and otherwise comply with the final rule for 2028.

Example 2: Lender originates 85 covered originations in 2022, 90 covered originations in 2023, 105 covered originations in 2024, 95 covered originations in 2025, and 105 covered originations in 2026. Lender is not a covered financial institution and is not required to collect data or otherwise comply with the final rule for 2025, 2026, or 2027. If it originates at least 100 covered transactions in 2027, it will be a covered financial institution and will be required to collect data and otherwise comply with the final rule for 2028. Additionally, 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. Lender decides to determine its compliance date tier based on its 2022 and 2023 covered originations. Because it did not originate at least 500 covered originations in 2022, the earliest that Lender could be required to collect data and otherwise comply with the final rule is October 18, 2026. Lender begins asking all applicants for business credit for their gross annual revenue beginning in August 2024 and is able to determine if applicants are small businesses for all covered credit transactions originated on or after October 1, 2024. Between October 1, 2024 and December 31, 2024, Lender originates 24 covered originations. Lender annualizes this number to determine that it originated 96 covered originations and applies this annualized number to 2024. Lender continues to ask applicants for business credit about for their gross annual revenue and originates 125 covered originations in 2025 and 95 covered originations in 2026. Lender is not a covered financial institution and is not required to collect data or otherwise comply with the final rule for 2026 or 2027. Additionally, because Lender did not originate at least 100 covered originations in 2026, it will not be a covered financial institution and will not be required to collect data

or otherwise comply with the final rule for 2028. However, it must determine if it is required to collect data and otherwise comply for later years.