

CFPB De-Prioritizes Enforcement and Supervision of 1071 Rule

Alert

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On April 30, the Consumer Financial Protection Bureau (CFPB) [announced](#) that it will not prioritize enforcement or supervision actions under the Small Business Lending Rule provided under Section 1071 of the Dodd-Frank Act (the 1071 Rule). [As we previously reported in February](#), the U.S. Court of Appeals for the Fifth Circuit stayed enforcement of the 1071 Rule and tolled its compliance deadlines, but only as applied to the plaintiffs and intervenors involved in the litigation. The limited scope of the stay meant that other financial institutions remained subject to the rule and the existing compliance schedule until the CFPB clarified its position.

The CFPB's announcement effectively stays enforcement and supervision under the 1071 Rule against all entities, specifically targeting those outside of the stay imposed by the Fifth Circuit. The CFPB stated that it is currently focusing its resources on "pressing threats to consumers" with an emphasis on protecting servicemen, veterans and small businesses. The CFPB also noted that it would have sought to deprioritize enforcement of the 1071 Rule, despite limited resources, to preserve fairness among similarly situated parties to the plaintiffs and intervenors involved in the litigation.

The 1071 Rule mandates the collection and reporting of loan application data from small businesses owned by women, minorities and LGBTQ+ individuals. The data collection start date for certain high-volume lenders is July 18, 2025, with a data reporting deadline of June 1, 2026. Therefore, the CFPB's position that it will not prioritize enforcement or supervision of the 1071 Rule permits these institutions to pause compliance efforts until further judicial or regulatory action is taken.

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We note that the CFPB did not comment on the [status of the anticipated new Notice of Proposed Rulemaking](#) under the 1071 Rule. We are closely tracking these developments and will continue to provide updates as the situation evolves.

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