

Alert | Financial Regulatory & Compliance



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CFPB Will Not Enforce Small Business Lending Rule

On April 30, 2025, the Consumer Financial Protection Bureau (CFPB) **announced** that it “will not prioritize enforcement or supervision actions” related to obligations imposed by its Small Business Lending Rule (under Regulation B) against entities not covered by the Fifth Circuit Court of Appeals’ stay in *Texas Bankers Association v. CFPB*, No. 24-40705.

The Small Business Lending Rule requires commercial lenders to begin collecting certain data, including loan purpose, amount, business industry, and ownership demographics (such as race, ethnicity, gender, and LGBTQI+ status of small business owners). For more details on the Small Business Lending Rule, see our detailed **April 2023 GT Alert**.

In its **press release**, the CFPB stated it “will instead keep its enforcement and supervision resources focused on pressing threats to consumers, particularly servicemen and veterans.” The statement explained that, even absent resource constraints, “the Bureau would deprioritize enforcement of this rule because of the unfairness of enforcing it against entities not protected by the court’s stay but similarly situated to parties that are protected by the stay. The Bureau looks forward to resolving the status of this regulation and ensuring fair, consistent treatment for all entities impacted by the regulation.”

The announcement to deprioritize the Small Business Lending Rule is unsurprising. In a recent court filing for *Revenue Based Finance Coalition v. CFPB*, No. 1:23-cv-24882-DSL (S.D. Fla. Apr. 3, 2025), the CFPB confirmed that the Bureau’s new leadership had directed staff “to initiate a new Section 1071

rulemaking” and that a stay was appropriate in that matter because “the anticipated rulemaking may moot or otherwise resolve [the] litigation.”

Takeaways

Some companies may have invested significant resources to prepare new loan programs, documents, and applications in order to comply with the Small Business Lending Rule. But companies that are still building out their compliance programs may benefit from pausing their efforts, as the CFPB has clearly signaled that the Rule is unlikely to be enforced as written. In any event, the CFPB indicated in its [2025 supervision and enforcement memo](#) that, moving forward, it intends to engage in fewer supervisory exams and will focus less on fintechs and Biden administration priorities.

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