

Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—CFPB finalizes extension of small business lending rule compliance dates, (Oct. 1, 2025)

Banking and Finance Law Daily Wrap Up

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The new compliance dates extend from July 1, 2026, for Tier 1 high-volume lenders to Jan. 1, 2027, for Tier 2 lenders to Oct. 1, 2027, for smallest-volume Tier 3 lenders.

The Consumer Financial Protection Bureau has published its [final rule](#) finalizing the compliance dates outlined in a 2025 interim final rule. The final rule extends the compliance dates for the CFPB's Section 1071 small business lending data collection requirements under Regulation B. The final rule extension of these dates was made in response to ongoing litigation stays that have postposed implementation for various market participants and to harmonize deadlines across all covered financial institutions. The final rule takes effect Dec. 1, 2025.

Background. Since the CFPB finalized the Section 1071 rule in 2023, several courts have stayed its compliance deadlines due to litigation brought by industry plaintiffs (see [Banking and Finance Law Daily](#), Mar. 31, 2023). In the Fifth Circuit, the Texas Bankers Association and allied groups successfully obtained a stay of obligations pending their appeal, tolling deadlines for those plaintiffs and intervenors. In the Eastern District of Kentucky, Monticello Banking Co. and other plaintiffs secures a stay of compliance deadlines until further court order (see [Banking and Finance Law Daily](#), Mar. 14, 2025). Similarly, in the Southern District of Florida, the Revenue Based Finance Coalition's challenge led the court to stay and toll the rule's deadlines for coalition members for the duration of the Fifth Circuit stay (see [Banking and Finance Law Daily](#), May 8, 2025). The CFPB was prompted to act to extend compliance deadlines due to the divergence in implementation timelines created by these challenges.

Interim final rule. To address the fragmentary stays and ensure a uniform compliance schedule, the CFPB's interim final rule extended the compliance dates set by the 2023 final rule, as amended by the 2024 interim final rule, by approximately one year (see [Banking and Finance Law Daily](#), June 17, 2025). The extension was calibrated to align start dates with the beginning of calendar months, simplifying operational planning.

New compliance dates. The revised schedule in the final rule are the same as those laid out in the interim final rule. Under the revised schedule, covered financial institutions fall into three tiers based on the volume of their small business credit applications:

- Tier 1 (highest volume) must begin data collection on July 1, 2026, with their first filing due June 1, 2027;
- Tier 2 (moderate volume) must begin data collection on Jan. 1, 2027, with their first filing due June 1, 2028; and
- Tier 3 (smallest volume) must begin data collection on Oct. 1, 2027, with their first filing also due June 1, 2028.

These dates supersede the July 18, 2025, Jan. 16, 2026, and Oct. 18, 2026, dates set by the 2024 Interim final rule.

Other conforming adjustments. The CFPB also determined that it was appropriate to maintain the other conforming changes to the compliance date provisions promulgated by the 2025 interim final rule. In addition to extending the primary compliance dates, that interim final rule preserved the option for institutions to begin collecting protected demographic information up to 12 months before their official compliance date, allowing ample time for systems testing and staff training. It likewise maintained the flexibility for institutions to choose

among three two-year look-back periods (2022-2023, 2023-2024, or 2024-2025) to determine their compliance tier, accommodating varied business cycles. The new final rule also leaves intact the long-standing June 1 annual submission deadline for all covered data, ensuring continuity and consistency in the reporting process.

Grace period. The CFPB also included the interim final rule's updated 12-month grace period policy in the final rule. For Tier 1 institutions, the grace period covers data collected from July 1 through Dec. 31, 2026, and Jan. 1 through June 30, 2027. For Tier 2, the grace period spans Jan. 1 through Dec. 31, 2027, and for Tier 3, from Oct. 1 through Dec. 31, 2027, plus Jan. 1 through Sept. 30, 2028. During the grace period, the CFPB will conduct diagnostic exams of initial data submissions and generally will not assess penalties for unintentional, good-faith errors. However, the agency will continue to apply its supervisory and enforcement authority to errors that are not the result of good-faith compliance efforts.

Comments. According to the final rule, community group commenters opposed the compliance date extension, stating it was unnecessary, created confusion, hindered research and policy advocacy work, and imposed costs. They also noted the "regulatory limbo" the changes placed on lenders and vendors who had already invested in section 1071 compliance. On the other hand, industry groups and an independent office of a federal agency supported the compliance date extension, saying that it permits them to ready their systems and processes without undue pressure. They also commented on the prudence of extending the dates for all covered lenders with regard to the various legal challenges to the section 1071 rule. They also supported the delay to allow the CFPB the opportunity to reexamine the rule.

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