

Director Rohit Chopra  
Consumer Financial Protection Bureau  
1700 G Street, N.W.  
Washington, DC 20552

*RE: Docket No. CFPB-2021-0015 - Section 1071 Small Business Lending Data Collection*

Dear Director Chopra:

Thank you so much for the opportunity to comment on the proposed rule for collecting small business data required by Section 1071 of the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010.

NCST (National Community Stabilization Trust) is a national non-profit that supports families and communities by restoring distressed single-family homes, strengthening neighborhoods, and increasing sustainable, affordable homeownership. NCST does this by facilitating sales of distressed homes to community-based partners, conducting federal policy advocacy grounded in our knowledge of local housing markets, and most relevant for this comment, providing capital to small businesses and entrepreneurs who rehab 1-4 unit residential homes.

This rulemaking is relevant to NCST's programmatic work in two key ways. First, we have engaged in business lending for the past 12 years. From 2009-2019, NCST managed a \$25 million REO Capital Fund capitalized by the Ford Foundation and lending to nonprofit organizations engaged in residential acquisition and rehab. Late in 2021, NCST launched a new effort, the DASH (Developing Affordable Starter Homes) Fund in Baltimore, MD, which is a \$3 million fund providing capital for much smaller, for-profit businesses rehabbing homes, most run by people of color.

Second, NCST's local partners are all community-based, mission-focused nonprofits and single-family developers. The lack of equitable access to well-priced capital is one of the most difficult obstacles our partners encounter in their work. However, until now, much of what they face has been known only anecdotally.

NCST believes that collection and disclosure of data is a necessary prerequisite for effectively addressing the racial and gender gaps that plague small businesses working in real estate. Without this data, it is difficult if not impossible to design effective lending programs or to address underlying policy issues. Additionally, as we saw after Congress improved the Home Mortgage Disclosure Act (HMDA) data to include the demographics of borrowers, the very act of collecting the data can drive more equitable outcomes even absent policy changes.

NCST also recommends that the Section 1071 rule cover lenders beyond banks, such as CDFIs, credit unions, and non-depository lenders, and we support requiring lenders with 25 or more originations to report data. The data should be comprehensive and detailed enough to provide

a full understanding of the underwriting and other issues that stand in the way of equitable, responsible lending.

That said, we believe it is critical to avoid duplication of effort. For programs lending to small businesses for the purchase of acquisition and rehab of single-family, residential homes, it will be important to clarify whether reporting should take place under HMDA or under Section 1071. Currently, lenders in this business report under HMDA even though they are not making mortgages to end-user homeowners. For data and policy purposes, it might make more sense for that type of lending to be classified as small business lending rather than mortgage lending.

Finally, we note the importance of making this data available to the public on a timely basis. As noted above, the public nature of HMDA data has been a key component of its effectiveness.

Thank you again for the opportunity to comment on this important rulemaking and for your commitment to ensuring equitable lending in the small business context. If you have any questions, please contact David Sanchez at [dsanchez@stabilizationtrust.org](mailto:dsanchez@stabilizationtrust.org).

Sincerely,  
National Community Stabilization Trust