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For Immediate Release

Major Regulatory Victory for AFA and IFA Members

Avila Beach, CA – April 3, 2023—The Consumer Financial Protection Bureau (CFPB) has finalized the rule to implement changes made by Section 1071 of the Dodd-Frank Act that requires lenders to collect and report information about small business credit applications. The final rule will not cover factors, a major win for International Factoring Association (IFA) and American Factoring Association (AFA) members.

The IFA and AFA have been heavily involved in ensuring the legislation would not be imposed on factors. During the leadup to the final regulation, including during the most recent comment period on the proposed rules, the AFA worked diligently to protect factors from these regulations. Throughout the years-long process, the AFA advocated for factors, educated lawmakers, and continually monitored comments. The CFPB said it received more than 2,100 comments about the proposed rule before finalizing the rule last week.

“The elimination of this regulatory burden is a huge win for the factoring industry and our members,” said Cole Harmonson, AFA President.

Section 1071 requires the CFPB promulgate regulations mandating lenders to maintain race and gender records relating to the extension of credit to small businesses. Under the proposal, lenders are required to report the amount and type of small business credit applied for and extended, demographic information about small business credit applicants, and key elements of the price of the credit offered. The CFPB agreed with the AFA’s assertion that Section 1071 does not apply to factors on the grounds that factors purchase receivables as opposed to extending credit. The final rule covers lenders making more than 100 covered small business loans per year, which accounts for more than 95% of small business loans by banks and credit unions.

About the International Factoring Association

Headquartered in Avila Beach, California with over 425 corporate members, the International Factoring Association is the largest association of commercial finance companies in the world. Members include factoring companies, asset-based lenders and other receivables finance companies. Since 1999, the International Factoring Association has provided a forum for member organizations to meet and discuss issues and concerns, share best practices, disseminate information and promote a single voice to the marketplace. For more information visit www.factoring.org.

About the American Factoring Association

The American Factoring Association (AFA) was founded in 2009 with the sole purpose of educating the public and policymakers on the availability of working capital for financing America’s small businesses and to conduct efforts in support of increasing working capital financing. It is a

non-profit 501 (c) 6 corporation. The AFA has conducted over 200 meetings with various officials, including U.S. Senators and Congressmen, with the goal of educating the value that Factoring drives to the business community and economy. For more information visit www.americanfactoring.org.