

January 31, 2012

The Honorable Tim Johnson
Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Richard Shelby
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Johnson and Ranking Member Shelby,

Thank you for holding a hearing today on the operation of the Consumer Financial Protection Bureau (CFPB). On behalf of the undersigned small business organizations, we want to impress upon your committee the importance of small business protections in the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203). These important small business provisions provide a process for the CFPB to be mindful of the impact of new regulations on small businesses.

During passage of the Dodd-Frank Act, we supported an amendment authored by your colleagues, Senator Olympia Snowe and Senator Mark Pryor, which puts a process into place to require the CFPB to consider the impact of costly regulations on small businesses.¹ The Snowe-Pryor language contains two important provisions: 1) requiring the CFPB to publicly consider how rules will impact the cost of credit for small firms; and 2) requiring the CFPB to conduct Small Business Advocacy Review (“SBAR”) panels on rules that will impact small businesses.

The CFPB’s public consideration of how new rules will impact the cost of credit for small business is important because of the struggles small employers face to meet their credit needs. Your committee can help ensure that the CFPB draws a careful balance between providing consumers with added protections while at the same time making sure rules do not negatively impact the cost of credit for small businesses.

The SBAR panel process, originally enacted into law by the 1996 Small Business Regulatory Enforcement Fairness Act (“SBREFA”), lays out a procedure that is intended to minimize regulatory costs on small businesses. These panels are made up of small business representatives and are facilitated by the Small Business Administration’s Office of Advocacy. SBAR panels are responsible for issuing a small business report prior to the promulgation of a proposed rule. The small business report contains recommendations on alternatives that can meet the CFPB’s objectives while minimizing costs on small businesses.

¹ Pub. L. No. 111-203, Section 1100 G, *Small Business Fairness and Regulatory Transparency*, (July 21, 2010).

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In his recent appearance before the House Committee on Oversight and Reform, Subcommittee on TARP, Financial Services and Bailouts of Public and Private Programs, Richard Cordray recognized the importance of the small business provisions within Dodd-Frank and committed specifically to convening a panel on the TILA/RESPA mortgage disclosure merger this year. We ask your committee to ensure the commitment of the CFPB to implement Section 1100 G of Dodd-Frank translates into a rulemaking process that is protective of small business interests.

Working with small business trade and membership organizations early in the regulatory process will connect the CFPB with small businesses that rely on us for regulatory advice. Interaction with our members and convening SBAR panels early enough in the process for small businesses to make meaningful recommendations are essential for SBREFA to work. SBREFA, if implemented correctly, will allow for the CFPB to present small business-friendly options for comment during a full notice and comment rulemaking. This approach treats trade and membership organizations as partners that share the goal of ensuring any final regulation maximizes benefits while minimizing costs. That was the intention of the Snowe-Pryor amendment.

The undersigned small business trade and membership organizations strongly supported the Snowe-Pryor amendment in the Dodd-Frank law and we urge you to take all necessary steps in your committee to make sure the SBREFA process is properly carried out by the CFPB.

Sincerely,

ACA International
Air Conditioning Contractors of America
American Escrow Association
American Financial Services Association
American Hotel & Lodging Association
American Trucking Associations
Associated Builders and Contractors
Association of Kentucky Fried Chicken Franchisees
Community Mortgage Lenders of America
Financial Services Institute, Inc.
Institute for Liberty
International Franchise Association
Illinois Association of Mortgage Professionals
National Association for the Self-Employed
National Association of Wholesaler-Distributors
National Federation of Independent Business
National Association of Independent Housing Professionals

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National Association of the Remodeling Industry
National Automobile Dealers Association
National Funeral Directors Association
National Kitchen & Bath Association
National Restaurant Association
National Retail Federation
National Roofing Contractors Association
Painting & Decorating Contractors of America
Plumbing-Heating-Cooling Contractors – National Association
Small Business & Entrepreneurship Council
Snack Food Association
The Hearth, Patio & Barbecue Association
The Latino Coalition
Truck Renting & Leasing Association
U.S. Chamber of Commerce