

C2 Systems Unveils Innovative Section 1071 Data Collection Solution for Small Business Lending Compliance

This solution is included in C2's Customer-Facing Small Business Loan Application, where company owners can apply from the financial institution's website

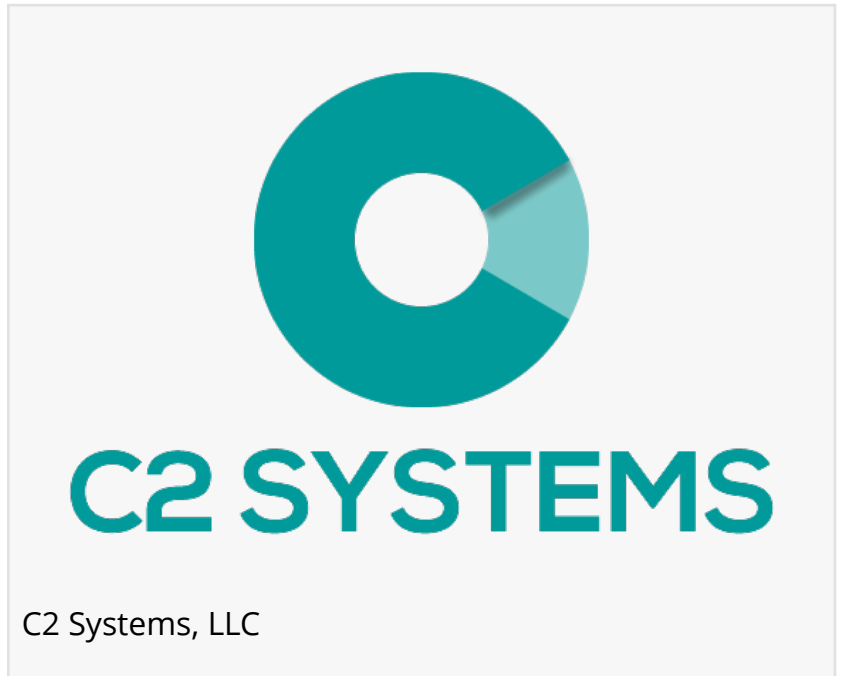
COLLEYVILLE, TX, UNITED STATES, October 30, 2024 /EINPresswire.com/ -- C2 Systems, LLC (www.go-c2.com), a leader in automated loan origination and credit decisioning technology, has developed a new [Section 1071](#) data collection solution to assist financial institutions in meeting the regulatory data collection requirements for small business lending data mandated by the

Consumer Financial Protection Bureau (CFPB) for those lending to small businesses. This solution enables lenders to compile, format, and export the 81 required data points, streamlining the complex reporting process for applications from women-owned, minority-owned, and other small businesses.



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Stephen G. Sargent



Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which amended the Equal Credit Opportunity Act (ECOA), directs financial institutions to collect and submit data on credit applications from small businesses, including those owned by women and minorities. This rule, which applies to businesses with gross annual revenues of \$5 million or less, was enacted to support two key objectives:

1. Facilitating enforcement of fair lending laws.
2. Helping communities, governmental bodies, and

creditors identify development opportunities for women-owned, minority-owned, and small businesses.

Compliance deadlines for Section 1071 are staggered based on lending volume, with Tier 1 lenders beginning compliance on July 18, 2025. Mid-sized and smaller institutions must comply by January 16, 2026, and October 18, 2026, respectively. To address these requirements, C2 Systems offers two distinct solutions:

1. Online [Customer-Facing Small Business Loan Application](#): This tool provides small business customers a secure online channel to apply for credit directly on the lender's website. Applicants are prompted to provide optional information such as gross annual revenue, business ownership status (e.g., minority-owned, women-owned, or LGBTQ+-owned), and demographic details of owners holding at least 25% interest. The application tool is fully integrated with C2's [loan origination and decisioning system](#), Covalent, where demographic information is securely stored and complies with Section 1071's "firewall" provision by restricting access to sensitive data for underwriters and decision-makers. As applications progress, Covalent captures additional required credit structure and decision data points for reporting compliance.
2. Standalone Cloud-Based Data Collection Solution: This cloud-based option quickly and easily guides users through necessary data collection and formats all 81 required data points for Section 1071 compliance. The platform's automated features allow institutions to store, retrieve, and report the necessary data in the CFPB's required format with minimal effort to ensure regulatory compliance.

Stephen G. Sargent, President and CEO of C2 Systems, commented, "Similar in approach to our automated HMDA data collection processes built into our Covalent LOS, this new Section 1071 feature set is designed to make the collection and reporting effort painless."

Financial institutions currently using C2's Covalent loan origination system (LOS) should expect to receive the new CFPB 1071 feature set before the end of this year. Features will include new fields in Application Entry to capture demographic data on the small business applicant and its beneficial owners, and access to this data will be restricted based on each user's assigned roles in the system, which ensures full compliance with CFPB requirements for privacy, data security, recordkeeping, and firewall protocols.

About C2 Systems

C2 Systems, LLC is a leading developer of cloud-based, automated credit application decision support technology. Clients use C2 Systems solutions to quickly and consistently process consumer, mortgage, small business, and commercial loan applications from point of sale, through underwriting and document preparation, with an integrated hand-off to the financier's loan servicing platform.

For more information about C2 Systems, visit <https://go-c2.com> , or [linkedin.com/company/c2-systems-usa/](https://www.linkedin.com/company/c2-systems-usa/)

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