



September 24, 2025

The Honorable Russell Vought
Acting Director
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, D.C. 20552

Re: ELFA Comments on CFPB's Proposed Legal Standard Applicable to Supervisory Designation Proceedings (Docket No. CFPB-2025-0018)

Dear Acting Director Russell Vought:

The Equipment Leasing & Finance Association (ELFA) appreciates the opportunity to submit comments on the Consumer Financial Protection Bureau's (CFPB) proposed rule, *Legal Standard Applicable to Supervisory Designation Proceedings*, as published in the Federal Register on August 26, 2025.

ELFA represents the \$1.3 trillion equipment finance sector that plays a vital role in driving economic growth and innovation across the United States. Our diverse membership includes independent and captive leasing and finance companies, banks, financial services firms, brokers, investment banks, manufacturers, and service providers. Together, these companies support businesses of all sizes by financing the acquisition of essential equipment and software across virtually every industry – from agriculture and technology to healthcare, transportation, and construction. Through their work, ELFA members help ensure that American businesses have the capital resources they need to compete, grow, and succeed.

Summary

Representing a wide range of nonbanks, as well as banking divisions and subsidiaries engaged in the specialized field of asset-based equipment lending and leasing, ELFA welcomes the CFPB's efforts to clarify the definition of "risks to consumers" under Section 1024(a)(1)(C) of the Consumer Financial Protection Act (CFPA). Our members, like many responsible nonbank lenders, have faced burdensome, costly, and often disproportionate regulatory compliance obligations in the wake of the 2008 housing and financial crisis. Greater clarity in supervisory standards is essential to ensuring a more balanced and targeted regulatory framework that better serves and protects the consumer.

Considerations

- We applaud the CFPB's efforts to reduce unnecessary compliance burdens to stimulate growth and encourage the Bureau to go even further. As representatives of both bank and non-bank entities we have previously advocated for exempting financial institutions with fewer than 500 employees from certain CFPB reporting requirements. In the context of this rulemaking, we encourage the adoption of a threshold that aligns with the Small Business Administration's (SBA) size standards for supervising bank entities, which would more accurately reflect the operational capacity of smaller banking institutions and help ensure a more equitable compliance burden.
- Many ELFA member companies operate through vendor finance arrangements, in which the finance company does not engage directly with the end customer. This indirect relationship introduces significant challenges in complying with certain CFPB regulations, particularly under the current Section 1071 rule, which requires the collection and reporting of applicants' demographic data. Since the finance company receives applications through vendors or third parties, it does not have the opportunity to collect the required demographic information directly from the applicant. These structural limitations should be considered in both the rulemaking and supervisory guidance.
- We strongly encourage the Bureau to consider existing state regulations and enhance coordination with both federal agencies and state regulators. Inconsistent, overlapping, or duplicative regulatory frameworks have led to increased compliance costs and confusion, particularly for institutions operating across multiple jurisdictions.
- Greater transparency and a clear, consistent definition of "risks to consumers" is critical for ELFA member companies. Given the specialized nature of asset-based lending and leasing, and the essential role it plays in enabling business investment and growth, a narrowly tailored and well-defined risk standard will help ensure supervisory practices are appropriately targeted and effective.

Conclusion

We fully support the CFPB's proposed rule and thank you for the opportunity to provide comments. We appreciate the CFPB taking our letter into consideration and look forward to working with the Bureau on this important issue. Please contact Allyson Gale, Director of Federal Government Relations at agale@elfaonline.org with any questions.

Sincerely,



Leigh Lytle
President & CEO
Equipment Leasing & Finance Association