

## Jack Henry Enterprise Account Origination

# Section 1071 Compliance for Small Business Lending with Loan Vantage™

Help meet the data collection and reporting requirements mandated by Section 1071 of the Dodd-Frank Act (1071) with our secure, user-friendly solution that simplifies the 1071 compliance process, integrating seamlessly with LoanVantage and your existing workflows.



### Intuitive Data Collection

Conveniently request and collect required data digitally, whether an application is submitted online, by phone, or in person. For offline applicants, you can easily input collected data to keep everything on track.



### Simplified Compliance Tracking

Assist your compliance processes using an applicability engine that automatically identifies 1071 reportable applications. Track the status of 1071 forms so your team can easily follow up with applicants who haven't completed their data collection forms.



### Data Security

Protect against bias with role-based access that separates demographic data from your credit decision-makers.



### Seamless Integration With Existing Systems

This solution is built specifically for LoanVantage, allowing seamless incorporation with your existing workflows and processes a breeze.



### Reporting & Audit Trails

Extract your data for reporting to the Consumer Financial Protection Bureau (CFPB) or other third-party tools in .CSV format or through Jack Henry Data Broker. Audit reporting provides a detailed record of who collected or modified data, when it was done, and how it was handled.

## Section 1071 Compliance for Small Business Lending with LoanVantage

# compliance made easier

You're already aware that the need to comply with Dodd-Frank Section 1071 is a fast-approaching reality. That's why Jack Henry is building a Section 1071 Compliance Solution right into LoanVantage, helping you efficiently and accurately meet regulatory requirements. This comprehensive solution will include tools for data collection, controls that help you meet the CFPB's "firewall" requirements, data scrubbing capabilities, and reporting features that help you comply with Section 1071 of the Dodd-Frank Act.

## User Experience

Our solution provides an intuitive experience for both your applicants and employees. The Section 1071 Compliance Solution simplifies the process for your key stakeholders with an applicability engine, a digital data collection form, and reporting capabilities that makes finding the status of your required data crystal clear.

## Applicability Engine

Enjoy a rules-driven compliance applicability service that streamlines data collection. Whether applications are submitted online, in person, or over the phone, they will be automatically reviewed to identify qualifying small business applications based on the CFPB's definition.

Here are the business rules used to determine whether an application qualifies:



## Intuitive Data Collection

With the applicability engine doing the heavy lifting of identifying covered loan applications, you can focus on gathering the required data seamlessly. A digital data collection form simplifies the process for both your team and your applicants, capturing key details like minority ownership, race, ethnicity, and gender of the principal owners for qualified small business applicants.

When activated by the applicability service, an email is automatically sent to the primary applicant or first-listed small business, whether the application is submitted online, in-branch, or over the phone. Applicants will receive a secure link to complete the form, along with a clear explanation of why this data is being collected and what information is needed from them. With just a few clicks, they'll be able to complete the form, providing the necessary details about their small business and its principal owners.

**Business ownership status**

Please indicate the business ownership status of your small business. For the purposes of this survey, your business is a minority-owned, women-owned, or LGBTQI+-owned business if one or more minorities,\* women, or LGBTQI+ individuals (i) directly or indirectly own or control more than 50 percent of the business AND (ii) receive more than 50 percent of the net profits/losses of the business.

**What is your business ownership status?**  
(Check one or more of the options below)

Minority-owned business

Women-owned business

LGBTQI+-owned business

None of these apply

I do not wish to provide this information

\*Minority means Hispanic or Latino, American Indian or Alaska Native, Asian, Black or African American, or Native Hawaiian or Other Pacific Islander. A multi-racial or multi-ethnic individual is a minority for this purpose.

Next question

**Number of principal owners**

For purposes of this form, a principal owner is any individual who owns 25 percent or more of the equity interest of a business. A business might not have any principal owners if, for example, it is not directly owned by any individuals (i.e., if it is owned by another entity or entities) or if no individual directly owns at least 25 percent of the business.

**How many principal owners does your business have?**  
(Check one)

0

1

2

3

4

Next question

Have applicants who aren't online? Not a problem. Your permissioned employees can complete the form interview-style and enter the responses collected, ensuring no applicant is left behind.

Within LoanVantage, your team will be able to track the form's status, see when it was sent, and easily resend the form to remind any stragglers to complete the process.

Compliance management  
Edward Greer, #9489248539

**< Dodd Frank Section 1071 (Reg B 1002.101)**

Overview    Quality control

**Form tracking**

Recipient email address egreer@company.com	Date form sent <span style="color: #007bff;">01/01/2024</span>	Date form collected -	Form status <span style="background-color: #f0f0f0; padding: 2px;">Pending</span>	⋮
Application date 01/01/2024	Action taken date 01/10/2024	Action taken Approved	OC status <span style="background-color: #f0f0f0; padding: 2px;">OC incomplete</span>	

# security, audit, and reporting

Every compliance rule and regulation comes with its own unique requirements, and 1071 is no exception. With our 1071 Compliance Solution, you can balance the requirement for data segregation and firewall compliance while maintaining the flexibility to track exceptions for smaller banks and credit unions.

## Data Security & Segregation

You can prevent bias and meet firewall requirements with ease by segregating demographic data from credit decision-makers. Collected data is stored securely behind a data "firewall" and not tied directly to the loan file itself. Only the employees that you designate with role-based access will be able to view or handle it.

Maintaining your audit trail is a breeze, with detailed data points showing when demographic data was initially requested, reminders were sent, forms were completed, and who accessed or updated the data along with the corresponding dates when the edits were made.

## Quality Control

With our Section 1071 Compliance Solution, you can streamline your quality control process through an efficient data review process. We provide easy access to a list of all applicable loans and their reportable data elements. You can review and edit the reportable data in one place and track your progress with "QC Complete" flags. This feature streamlines the data review process, ensuring your compliance efforts are both thorough and efficient.

The screenshot displays a web application interface for "Compliance management" with the user "Edward Greer, #9489248539". The main heading is "Dodd Frank Section 1071 (Reg B 1002.101)". There are two tabs: "Overview" and "Quality control", with "Quality control" being the active tab.

The interface is split into two columns:

- Reported fields:** This section has a search bar and a "Show" dropdown menu set to "All fields". There is a checkbox for "Hide QC complete fields" which is unchecked. Below are several input fields:
  - Legal Entity Identifier (LEI): 5493001KJTIIGC8Y1R12
  - Universal Loan Identifier (ULI): ULI123456789123456789201901
  - Application Date: 2023-09-15
  - QC complete:
  - Loan Type: Conventional (dropdown), QC complete:
  - Loan Purpose: Home Purchase (dropdown), QC complete:
- Application data:** This section has a search bar and several input fields:
  - Internal loan number: LN123456
  - Branch/office code: BR567
  - Processor name: Jane Doe
  - Assigned underwriter: John Smith
  - Risk rating: Low (dropdown)
  - Application submission channel: Online (dropdown)
  - Customer service representative ID: CSR8901
  - Document tracking number: [partially obscured]

## Reporting

Data extraction and reporting doesn't have to be a chore for your back-office team. Our Section 1071 Compliance Solution will store all the collected demographic data, along with the necessary loan application details and actions taken, so that you can easily extract it for reporting.

Our Section 1071 Compliance Solution will store the collected demographic data, and combine it with the additional required data fields from LoanVantage like loan application, terms, and action taken, and more so that you can easily extract it for complete reporting.

You can extract your reporting data in .CSV format, or if your bank or credit union purchases the data set, through Jack Henry Data Broker.

The extracts will combine over 80+ demographic, loan application, and action data points for easy import into third-party reporting tools like Wolters Kluwer's Small Biz Wiz®, nContracts' N1071, or directly to the CFPB.

# frequently asked questions

## What products will this solution be available for?

This solution will be embedded directly into LoanVantage, and will be activated for LoanVantage clients with minimal configuration.

## When will it be available?

- **Tier 1 clients:** Must begin collecting data on July 18, 2025, and begin reporting data on June 1, 2026. The compliance solution will enter beta in **Spring of 2025** and will be available by the mandatory collection date.
- **Tier 2 clients:** Must begin collecting data on January 16, 2026, and begin reporting data on June 1, 2027. The compliance solution for Tier 2 clients will be available shortly after all Tier 1 clients have been onboarded, with availability expected in August 2025 at the earliest.
- **Tier 3 clients:** Must begin collecting data on October 18, 2026, and begin reporting data on June 1, 2027. The compliance solution for Tier 3 clients will be available as early as October 2025, for those who wish to begin collecting data at the earliest date allowed by the rule.

## How will pricing work for this service?

Pricing for implementation is still being determined, but the Section 1071 Compliance Solution will become a core feature of the LoanVantage platform. More information will be shared with you as soon as it is available.

### **What does the implementation process look like?**

The implementation process is still being finalized, but for LoanVantage clients, we anticipate a small configuration project to enable the Section 1071 Compliance Solution once the service has been rolled out to all bank and credit union clients as part of a product update.

### **Can we book a demo of the new solution?**

We'll also be hosting a more in-depth webinar about Jack Henry's Section 1071 Compliance Solution early in 2025, once more development work is completed and additional details are finalized. In addition, a brief walkthrough video of the solution is in process.

### **Will work queue-type reporting be available like it is today for HMDA?**

The reporting for Section 1071-applicable loans will differ from the traditional LoanVantage or work queue format, as the data cannot be stored with the loan itself due to the firewall provisions in the regulations. Instead, the Section 1071 Compliance Solution will collect the data, and the built-in reporting tools will allow you to generate filtered lists that can be exported as .CSV files. Banks and credit unions that purchase the Jack Henry Data Broker data sets will also be able to access the 1071 collected information.

### **Will 1071 data be available in the Laser Pro integration file format?**

1071 data will be available in .CSV format and through a Jack Henry Data Broker data set, providing the flexibility to access the information you need for export to third-parties like Laser Pro.

### **Will we need to configure queries or conditions for the 'business rules' that trigger the 1071 survey?**

No, you won't need to set your own queries or conditions. The applicability service that's being built into all of our modernization efforts automatically applies the necessary business rules for 1071 compliance. These business rules are housed within the service itself and include:

- The borrowing applicant must be a non-individual entity.
- The non-individual entity qualifies as a small business with gross revenue under \$5 million in the previous fiscal year.
- The loan does not qualify as a HMDA-reportable loan.
- The loan type specified is new, refinanced, or modification with increase.

### **What happens if an applicant doesn't complete their questionnaire?**

Your financial institution can configure the Section 1071 Compliance Solution to automatically update the status of the form to "No Response" after a specified number of days. Simplify follow-up with non-responders with a quick resend of the form.

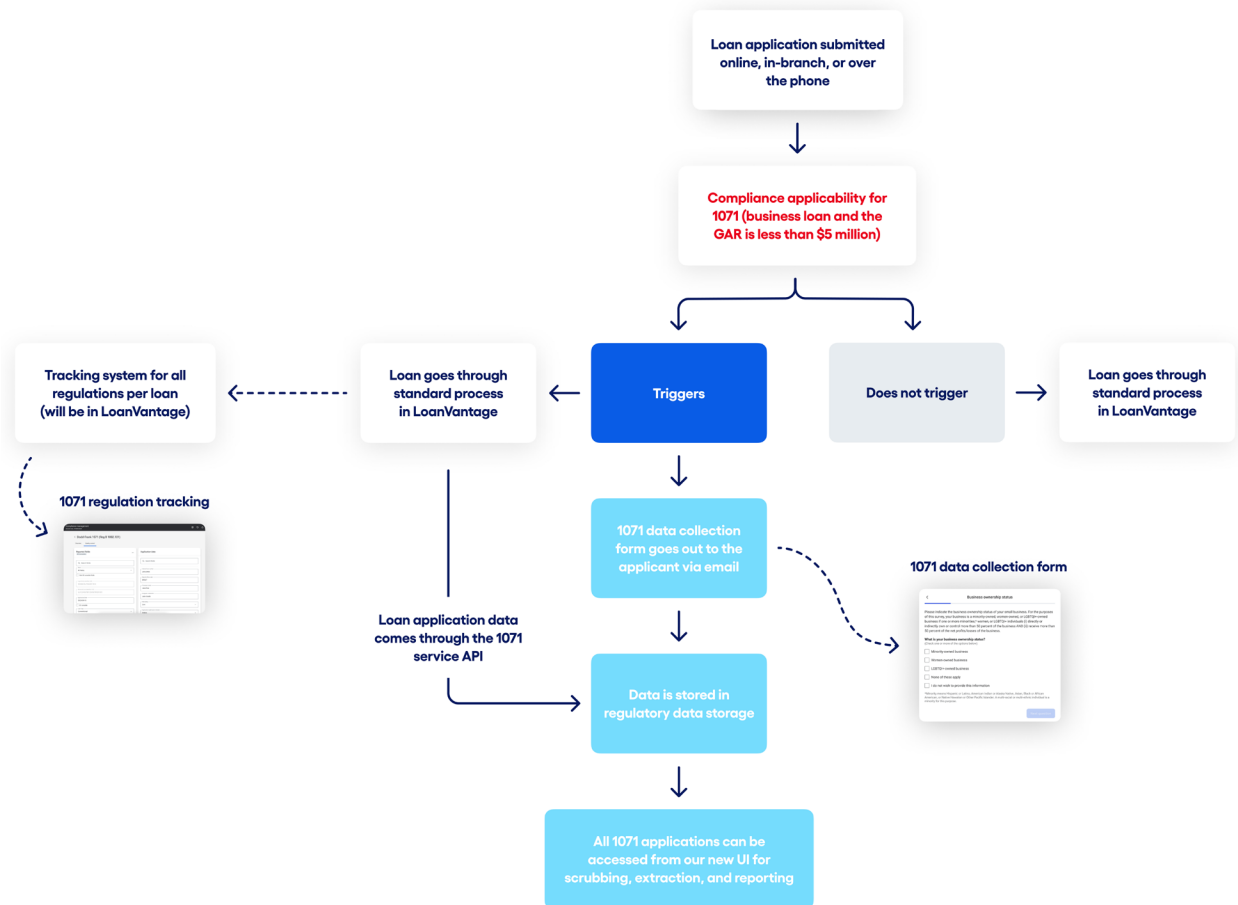
## What if we don't use LoanVantage?

Jack Henry is developing APIs to make the Section 1071 Compliance Solution as a stand-alone service for banks and credit unions using any Jack Henry core solution.

While the stand-alone solution will not include all of the automations available to LoanVantage customers, the open APIs will allow you to create connections that minimize manual keying and uploads. We expect it will use the same digital form collection service and reporting tools, and that it will be generally available ahead of the Tier 1 collection dates. More details of this stand-alone solution will be shared as development progresses.

## How does data flow between LoanVantage and the Section 1071 Compliance Solution?

Here's a look at how the data flows are being visualized today:



This document is intended to provide Jack Henry customers with information regarding the features and functionality available for this solution. The solution is designed for a customer to use based on its specific circumstances and business decisions that best align with its goals and objectives. How a customer uses the solution can materially affect a customer's legal relationship with its own customers and end users. Accordingly, Jack Henry does not make any representations or warranties regarding use of the solution, except for those contained in the applicable contract for the solution. The customer bears full responsibility for its compliance with laws and regulations. Nothing contained herein constitutes legal or compliance advice.

## streamline 1071 compliance

Let's talk about how we can help. Reach out to us at [lendinginfo@jackhenry.com](mailto:lendinginfo@jackhenry.com).

For more information about Jack Henry, visit [jackhenry.com](https://jackhenry.com).