

NATIONAL COMMUNITY REINVESTMENT COALITION, JESSE VAN TOL

Proposal and Comment Information

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Submitter Information

Organization Name: National Community Reinvestment Coalition

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Attached is the National Community Reinvestment Coalition's comment on the Community Reinvestment Act regulations as part of the ongoing Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) review.

Thank you for considering our views on this important matter. If you have any questions, please contact Kevin Hill, Senior Policy Advisor, at khill@ncrc.org or Jesse Van Tol, NCRC's President and CEO, at jvantol@ncrc.org.

October 23, 2025

OCC (submitted through Regulations.gov)
Federal Reserve regs.comments@federalreserve.gov
FDIC Comments@fdic.gov

RE: Docket ID OCC-2023-0016, FRB Docket No. OP-1828- EGRPRA Comment in reference to legacy CRA regulations

The National Community Reinvestment Coalition (NCRC) appreciates the opportunity to comment on the legacy CRA regulations as part of the EGRPRA process. The CRA brings widespread economic benefits with minimal compliance costs. In addition, the OCC, FDIC, and Federal Reserve (the agencies) should reverse their plan to repeal the 2023 CRA regulations as these updates made the CRA more relevant to modern banking.

NCRC is a network of more than 700 community-based organizations dedicated to creating a nation that not only promises but delivers opportunities for all Americans to build wealth and attain a high quality of life. We work with community leaders and policymakers to advance solutions and build the will to solve America's persistent racial and socio-economic wealth, income, and opportunity divides, and to make a Just Economy a national priority and a local reality.

The CRA is key to the nation's economic well-being. Congress passed the CRA in response to redlining to ensure that all communities have opportunities to build wealth. The CRA achieves this through regularly evaluating banks on the level and quality of their loans, investments, and services to borrowers and communities with low-and-moderate incomes (LMI).

Since 2010, banks have lent nearly \$5 trillion in CRA-qualified mortgages and small business loans throughout the country.¹ Without the CRA there are less opportunities for homeownership and entrepreneurship. When census tracts lose eligibility for CRA-qualified lending the number of bank originated home purchase loans decreases by 10% in those neighborhoods, and small business lending declines by nearly 10 percent in urban census tracts.² The CRA increases the supply of affordable rental housing by driving investment in Low Income Housing Tax Credits (LIHTC), with banks accounting for 85% of LIHTC investment dollars.³

¹ NCRC Analysis of Home Mortgage Disclosure Act LAR (2010-2024) and FFIEC CRA Disclosure Flat Files (2010-2023). [Click here to find specific loan amounts by MSA, states, rural areas, and Congressional districts.](#)

² Lei Ding and Leonard Nakamura, *Don't Know What You Got Till It's Gone: The Effects of the Community Reinvestment Act (CRA) on Mortgage Lending in the Philadelphia Market*, Working Paper No. 17-15, June 19, 2017, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2991557, and Lei Ding, Raphael Bostic, and Hyojung Lee, *Effects of the CRA on Small Business Lending*, Federal Reserve Bank of Philadelphia, WP 18-27, December 2018, <https://www.philadelphiafed.org/community-development/credit-and-capital/effects-of-the-community-reinvestment-act-cra-on-small-business-lending>

³ CohnReznick, "Housing Tax Credit Monitor," 2022.

The CRA accomplishes all of this while its compliance costs make up less than one percent of noninterest expenses according to community bank surveys.⁴

This comment is organized in response to several of the agency's questions. To summarize

- Outdated assessment areas based solely on branch networks fail to review over a quarter of bank originated mortgage and small business loans,
- the 2023 rules introduced common sense updates to the strategic plan process that banks are increasingly opting in to for performance evaluations,
- a lack of clarity around when banks receive credit for community development activities outside branch networks disadvantages communities with minimal branch networks,
- the agencies should issue guidance on how banks can continue to receive CRA credit for financing Community Development Financial Institutions (CDFI) despite delays in annual certifications caused by recent layoffs at the CDFI Fund,
- the OCC's recent debanking statement could drastically increase Bank Secrecy Act compliance costs, and
- CRA compliance costs are low in comparison to total noninterest expenses.

Have there been changes in the financial services industry, consumer behavior, or other circumstances that cause any regulations in these categories to be outdated, unnecessary, or unduly burdensome? If so, please identify the regulations, provide any available quantitative analyses or data, and indicate how the regulations should be amended.

For the CRA to stay relevant it must account for how banks offer loans and services, which for an increasing number of institutions is outside of branch networks. It's well established that "technology and the expansion of interstate banking has transformed the financial services industry and how banking services are delivered and consumed".⁵ For example, today banks such as Ally and Synchrony find customers entirely online and do not operate any traditional bank branches. Over a quarter of bank originated mortgage and small business loans were made outside of counties where banks maintained branches for each year from 2021 to 2023, as well as a third of mortgage originations alone.⁶

⁴ *Compliance Costs, Economies of Scale and Compliance Performance Evidence from a Survey of Community Banks*. Federal Reserve Bank of St. Louis. 2018. https://www.communitybanking.org/-/media/files/communitybanking/compliance-costs-economies-of-scale-and-compliance-performance.pdf?sc_lang=en&hash=19C682B5EFB86B37D6A8604DE9087DA6. Discussed more in response to Question 21.

⁵ Federal Register / Vol. 87, No. 107 / Friday, June 3, 2022. Page 34009. Available online at <https://www.govinfo.gov/content/pkg/FR-2022-06-03/pdf/2022-10111.pdf>

⁶ NCRC Analysis of Home Mortgage Disclosure Act LAR (2021-2023) for mortgage lending, FFIEC CRA Disclosure Flat Files (2021-2023) for small business lending, and FDIC Summary of Deposits (2021-2023) for branch locations.

The 2023 rules created retail lending based assessment areas for large banks that conduct more than 20% of their lending outside of branch networks based on the number of loans a bank originates, as well as a nationwide evaluation outside of assessment areas for all large banks and intermediate small banks that did more than half of their loans outside of branch networks.⁷ Expanding assessment areas would likely result in more lending in LMI census tracts, as research by the Federal Reserve Bank of Philadelphia has found that without CRA incentives banks are less likely to provide mortgages in these communities.⁸

Updating the CRA to account for lending outside of branch networks is also within the authority given to the agencies by the CRA statute and aligns with its legislative intent and history. The original version of the CRA statute indicated that assessments would be conducted based on a bank's "primary savings service area" defined as "a compact area contiguous to a deposit facility from which such facility obtains or expects to obtain more than one-half of its deposit customers."⁹ However, Congress replaced "primary savings service area" with "entire community, including low-and moderate-income neighborhoods."¹⁰ Senator Proxmire, who authored the CRA, explained this change was meant to "redefine the primary service area to be served on a broader basis, so that there be no question that it is not simply the immediate community where the bank was located."¹¹

Senator Proxmire also noted that the purpose of the CRA was to "eliminate the practice of redlining by lending institutions."¹² Restricting analysis to only markets where a bank maintains branches limits the CRA's ability to evaluate if banks are meeting credit needs and preserves unequal access, as banks can simply refuse to open or maintain branches in markets where they actively lend in order to avoid a review. If activities outside of branch networks continue to be a blind spot, CRA evaluations will steadily evaluate less and less bank activities as the number of bank branches are decreasing. The total number of branches declined by 9% from 2017 through 2021, about 7,500 branch closures.¹³ A third of those closures were in LMI census tracts or census tracts that are majority people of color.¹⁴

The CRA's current focus on branch-based assessment areas also provides no incentive for banks to serve credit needs of communities with minimal branch networks, which are often the most underserved. For example, majority-Native American counties have an average of two

⁷ Federal Register. Vol. 89, No. 22. February 1, 2024. Page 6577. Available online at <https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf>

⁸ Lei Ding and Leonard Nakamura, *Don't Know What You Got Till It's Gone: The Effects of the Community Reinvestment Act (CRA) on Mortgage Lending in the Philadelphia Market*, Working Paper No. 17-15, June 19, 2017, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2991557

⁹ 123 Cong. Rec. 17870 (June 7, 1977). Found in DEFENDANTS' CONSOLIDATED BRIEF IN OPPOSITION TO PLAINTIFFS' MOTION FOR A PRELIMINARY INJUNCTION. CIVIL NO. 2:24-cv-00025-Z-BR

¹⁰ 12 U.S.C. Ch. 30: Community Reinvestment. § 2903(a)(1). Available online at <https://uscode.house.gov/view.xhtml?path=/prelim@title12/chapter30&edition=prelim>

¹¹ 123 Cong. Rec. 31887-88 (Oct. 1, 1977). Found in DEFENDANTS' CONSOLIDATED BRIEF IN OPPOSITION TO PLAINTIFFS' MOTION FOR A PRELIMINARY INJUNCTION. CIVIL NO. 2:24-cv-00025-Z-BR

¹² 123 Cong. Rec. 17604 (1977).

¹³ *The Great Consolidation of Banks and Acceleration of Branch Closures Across America: Branch Closure Rate Doubled During the Pandemic*. NCRC. February 2022. Available online at <https://ncrc.org/the-great-consolidation-of-banks-and-acceleration-of-branch-closures-across-america/>

¹⁴ Ibid.

bank branches compared to the nine-branch average in rural counties and well below the 27-branch average for all counties.¹⁵ According to the agencies, access to banking and credit continues to be a “chronic barrier for tribal economic inclusion” with Native Americans more likely to be unbanked and “over one-third of Native households in tribal areas affected by major physical problems with their housing.”¹⁶ Failing to account for modern banking practices helps maintain a lack of lending and bank services in Native American and similarly situated communities by depriving banks from receiving positive consideration for serving the credit needs of these largely branchless markets.

Furthermore, additional assessment areas based on the number of loans originated in markets outside of branch networks has even been supported by some community banks. Comments on the 2023 proposed CRA rule from the Independent Community Bankers of America (ICBA) noted that “many [banks] see it as a reasonable solution to addressing the inadequacy of the current rules addressing internet banks.”¹⁷

Could an insured depository institution or its holding company fulfill any of these requirements through new technologies (if they are not already permitted to do so) and experience a burden reduction? If so, please identify the regulations and indicate how they should be amended.

The 1995 CRA framework gives banks the option to have their performance evaluated based on a strategic plan with measurable annual goals to evaluate the bank’s performance.¹⁸ The agencies have noted that the strategic plan option is used “mainly by nontraditional banks and banks that make a substantial portion of their loans beyond their branch-based assessment areas.”¹⁹ More banks are using the strategic plan option, with the number of strategic plan CRA exams increasing by 75% from 2018 to 2023.²⁰ The number of strategic plan exams will likely continue to rise as more banks offer services online and operate outside of traditional branch networks. However, the rescission of the 2023 CRA regulations will reduce public comment opportunities on strategic plans.

The 2023 rules introduced common-sense updates to how banks solicit public input on whether their strategic plans serve community needs. Under the 1995 regulations, banks are required to informally seek input during the drafting of a strategic plan and post draft plans in at least one newspaper in their assessment areas for a 30-day comment period, as well as making

¹⁵ Federal Register. Vol. 89, No. 22. February 1, 2024. Page 6699. Available online at <https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf>

¹⁶ Ibid.

¹⁷ Independent Community Bankers of America Comment Letter on Interagency CRA Proposal. August 5, 2022. Page 9. Available for download online at <https://www.regulations.gov/comment/OCC-2022-0002-0315>

¹⁸ § 25.27 Strategic plan. Federal Register / Vol. 60, No. 86 / Thursday, May 4, 1995. Pages 22168 and 22182. Available online at <https://www.govinfo.gov/content/pkg/FR-1995-05-04/pdf/95-10503.pdf>

¹⁹ Federal Register / Vol. 89, No. 22 / Thursday, February 1, 2024. Page 7004. Available online at <https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf>

²⁰ NCRC analysis of CRA ratings using the FFIEC’s CRA Ratings Database. We identified 16 strategic plan exams released in 2018, and 28 in 2023.

the plan available in branches.²¹ In practice, these notices are largely placed in trade papers that are not widely read by the public and nonprofit organizations active in community development. As a result, opportunities to comment on draft strategic plans are very limited as many stakeholders are unaware that banks have proposals for how they will serve their communities available for comment. The 2023 rules improved this process by also requiring draft strategic plans to be placed on an agency website for a 60-day comment period, as well as the bank's website.²² The agencies noted "the importance of constructive community involvement in the plan process" when the 1995 rules were finalized, and pulling down this necessary update from the 2023 rule will result in less input from the public.²³ Furthermore, placing strategic plans online could also reduce bank expenses related to purchasing notices in newspapers and providing copies at all branches covered in the plan.²⁴

Are there specific regulations for which clarification is needed? If so, please identify the regulations and indicate how they should be amended.

The agencies should clarify when banks can receive CRA credit outside of their assessment areas. Previous guidance states that banks may receive favorable consideration for community development activities that benefit broader statewide or regional areas that include assessment areas "as long as the institution has been responsive to community development needs and opportunities in its assessment area(s)."²⁵ While NCRC has observed that some of the largest banks in the country have been getting credit outside of their assessment areas, uncertainty about receiving this credit is often cited by organizations as an impediment to establishing bank partnerships and securing critical community development financing.²⁶ This lack of clarity puts an additional burden on majority-Native American counties and rural counties that have fewer bank branches as discussed earlier.

The agencies should issue guidance that details how they will determine if a bank has been responsive to community development needs in its assessment areas to receive credit in

²¹ 25.27 Strategic plan. Federal Register / Vol. 60, No. 86 / Thursday, May 4, 1995. Pages 22182 (OCC), 22193 (Federal Reserve), and 22205 (FDIC). Available online at <https://www.govinfo.gov/content/pkg/FR-1995-05-04/pdf/95-10503.pdf>

²² Federal Register / Vol. 89, No. 22 / Thursday, February 1, 2024. Page 7008. Available online at <https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf>

²³ Federal Register / Vol. 60, No. 86 / Thursday, May 4, 1995. Page 22168. Available online at <https://www.govinfo.gov/content/pkg/FR-1995-05-04/pdf/95-10503.pdf>

²⁴ § 25.27 Strategic plan. (d) (3)

²⁵ Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment; Guidance. § ll.12(h)—6. Page 48529. Federal Register / Vol. 81, No. 142 / Monday, July 25, 2016. <https://www.govinfo.gov/content/pkg/FR-2016-07-25/pdf/2016-16693.pdf>

²⁶ *An evaluation of assessment areas and community development financing: Implications for CRA reform.* NCRC. July 30, 2019. <https://ncrc.org/an-evaluation-of-assessment-areas-and-community-development-financing-implications-for-cra-reform/> and *Bank Investment Falls Short in Rural America Reforms to the Community Reinvestment Act (CRA) Could Help.* Opportunity Finance Network. https://cdn.ofn.org/uploads/2022/02/24092655/OPP_054-One-Pager-Handout-CRA_FINAL-Feb-2019.pdf

broader statewide or regional areas. The 2023 CRA rules introduced metrics that compared a banks' amount of community development financing to their deposits in assessment areas to the ratio of all large bank community development and deposits in specific assessment areas, states, and nationwide.²⁷ In addition the 2023 rule also required annual reporting of community development loans and investments for large banks.²⁸ These metrics and additional data on community development financing could be used to determine if a bank is eligible to receive consideration outside of their branch networks, as well as helping banks determine if they are lagging in community development performance. Similar to updated assessment areas, these improvements introduced in the 2023 rules would likely increase the economic benefits of CRA if implemented.

In addition, recently announced layoffs of the entire staff of the Community Development Financial Institution (CDFI) Fund will inevitably lead to gaps in the annual CDFI certification process. New York's financial regulatory agency released guidance detailing simple documentation that CDFIs can provide for financial institutions to continue to receive consideration for CDFI financing despite delays in certification.²⁹ The agencies should issue similar guidance to assure all stakeholders that CDFI financing will still qualify. This will benefit the many banks that already work with CDFIs as part of their CRA community development portfolio. Failure to clarify will force banks to take unnecessary steps to document the community development purposes of CDFI activities, and most importantly, could result in a loss of capital for CDFIs that have been recognized as CRA eligible intermediaries since the 1995 regulations were adopted because of their positive impact on local economies.³⁰

²⁷ § 228.24 Community development financing test. <https://www.ecfr.gov/current/title-12/chapter-II/subchapter-A/part-228/subpart-C/section-228.24>

²⁸ Federal Register. Vol. 89, No. 22. February 1, 2024. Page 7064. Available online at <https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf>

²⁹ These steps include a statement from a senior executive at the CDFI, signed and dated within the 12 months prior to the community development transaction, confirming that: the CDFI had been certified or recertified in 2024 or thereafter; the CDFI continues to operate with a primary mission of promoting community development as defined by regulations; and the CDFI has applied for recertification of its CDFI status in the previous 12 months. *Community Reinvestment Act Credit for Investment in and Lending to Community Development Financial Institutions*. New York Department of Financial Services Guidance. September 26, 2025. <https://www.dfs.ny.gov/industry-guidance/industry-letters/il20250926-cra-credit-investment>

³⁰ Federal Register / Vol. 60, No. 86 / Thursday, May 4, 1995. Pages 22160 and 22162. <https://www.govinfo.gov/content/pkg/FR-1995-05-04/pdf/95-10503.pdf>

Are there regulations in these categories that impose outdated, unnecessary, or unduly burdensome requirements on a substantial number of community banks, their holding companies, or other small, insured depository institutions or holding companies?

The OCC recently announced it will start factoring into CRA performance evaluations whether banks have decided not to do business with certain industries for political reasons.³¹ The OCC has provided no detail on how it will determine if a bank refused to serve a potential client for political reasons, merely saying it will update regulations and procedural guidebooks “as relevant”.³² This lack of clarity will significantly increase compliance costs.

The Bank Secrecy Act (BSA) places monitoring and reporting requirements on financial institutions to detect instances of illicit financial practices. Casinos, crypto companies and other money services businesses are examples of industries that present heightened money laundering risks due to being cash intensive with a high volume of customer transactions. Anti-money laundering guidance encourages banks to collect additional information about sources of wealth and a business’s major customers for higher risk clientele, as well as more frequent monitoring of transactions.³³ Effective monitoring is particularly challenging for crypto companies that use public blockchains as transactions are pseudonymous and networks are available to anyone with internet access.³⁴ A 2023 LexisNexis survey of financial institutions reported that 22% of respondents had identified financial crimes involving cryptocurrencies, and that nearly every financial institution had increased compliance costs related to detecting illegal financing.³⁵

Many community banks simply cannot afford the additional monitoring required to legally serve these businesses. Banks with less than \$10 billion in assets already report that adhering to the BSA is one of their highest compliance costs compared to other regulations.³⁶ These compliance costs could soar due to the OCC’s recent statement, as many banks may feel forced to serve any industry regardless of administrative expense.

³¹ OCC Bulletin 2025-22. Licensing and Community Reinvestment Act: Consideration of Politicized or Unlawful Debanking. <https://www.occ.gov/news-issuances/bulletins/2025/bulletin-2025-22.html>

³² Ibid.

³³ BSA/AML Manual. Assessing Compliance with BSA Regulatory Requirements. Customer Due Diligence – Overview. Higher Risk Profile. FFIEC. <https://bsaaml.ffiec.gov/manual/AssessingComplianceWithBSARegulatoryRequirements/02>

³⁴ Banking and Cryptocurrency: Policy Issues. Congressional Research Service. February 20, 2025. Page 29. Available for download at <https://www.congress.gov/crs-product/R48430>

³⁵ *True Cost Of Financial Crime Compliance Study, 2023 United States And Canada*. LexisNexis.

³⁶ The 2018 St. Louis Fed report identified BSA as the highest compliance cost accounting for 22.3% of total compliance costs. The 2025 CSBS survey reported it as the second highest compliance cost resulting in 24.9%. *Compliance Costs, Economies of Scale and Compliance Performance Evidence from a Survey of Community Banks*. Federal Reserve Bank of St. Louis. 2018. Figure 1. Page 5. https://www.communitybanking.org/-/media/files/communitybanking/compliance-costs-economies-of-scale-and-compliance-performance.pdf?sc_lang=en&hash=19C682B5EFB86B37D6A8604DE9087DA6 and *2025 CSBS Annual Survey of Community Banks*. Page 25. https://www.csbs.org/sites/default/files/other-files/2025CBSurvey_web_CSBS.pdf

Are there analyses that quantify the monetary costs necessary to comply with each of these rules? If possible, please provide a specific breakdown of costs paid to various services, e.g., labor, technology, legal or other consulting services.

The Federal Reserve Bank of St. Louis (St. Louis Fed) analyzed over 1,500 survey responses collected by the Conference of State Bank Supervisors (CSBS) from nearly 1,100 unique banks with assets below \$10 billion.³⁷ These surveys asked banks to report compliance costs broken down by ten different categories of regulations.³⁸ The St. Louis Fed reported that CRA compliance costs came out to 7.2% of total compliance costs, and that all compliance costs averaged 7% of noninterest expenses.³⁹ Using those percentages it's possible to calculate that total CRA compliance costs account for .5% percent of a bank's noninterest expenses on average for banks below \$10 billion in assets. Also, as the St. Louis Fed points out, these survey results may be biased towards reporting higher costs if "respondents have incentives to exaggerate reported regulatory burden or were influenced by knowledge that the survey was conducted by state regulators."⁴⁰

CSBS' 2025 survey of community banks also indicates that overall CRA compliance costs remain low. While the 2025 survey did not compare compliance costs to noninterest expenses, it still found that CRA accounts for just 10.2% of overall compliance costs.⁴¹ A small price to pay considering the many community benefits of CRA.

³⁷ *Compliance Costs, Economies of Scale and Compliance Performance Evidence from a Survey of Community Banks*. Federal Reserve Bank of St. Louis. 2018. Page 8. https://www.communitybanking.org/-/media/files/communitybanking/compliance-costs-economies-of-scale-and-compliance-performance.pdf?sc_lang=en&hash=19C682B5EFB86B37D6A8604DE9087DA6

³⁸ Ibid. Page 5.

³⁹ Ibid. Pages 1 and 5.

⁴⁰ Ibid. Page 6.

⁴¹ *2025 CSBS Annual Survey of Community Banks*. Page 25. https://www.csbs.org/sites/default/files/other-files/2025CBSurvey_web_CSBS.pdf

Conclusion

The agencies should take no actions to weaken CRA regulations given its many benefits and low compliance costs. Instead, the agencies should reverse their plans to repeal the 2023 CRA rule that implemented several needed updates and clarify how banks can receive consideration for community development in communities with minimal branch networks and continue to receive credit for financing CDFIs.

Thank you for considering our views on this important matter. If you have any questions, please contact Kevin Hill, Senior Policy Advisor, at khill@ncrc.org or myself at jvantol@ncrc.org.

Sincerely,



Jesse Van Tol
President and CEO
National Community Reinvestment Coalition