RISE ECONOMY, KEVIN STEIN

Proposal and Comment Information

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Subject

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Submitter Information

Organization Name: Rise Economy

Organization Type: Organization

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Hi,

Thank you for the opportunity to testify during the open mic portion of today's EGRPRA hearing. I am submitting, attached, my full written comments. Please let me know if you have any questions. Thank you

Kevin

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Formerly the California Reinvestment Coalition.

October 30, 2025

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Docket No. OP-1828

Chief Counsel's Office
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400 7th Street, SW, Suite 3E-218
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Docket ID OCC-2023-0016

Jennifer Jones, Deputy Executive Secretary
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Re: *Rise Economy comments in response to Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA)*

Dear Secretary Misback, OCC Chief Counsel's Office and Deputy Executive Secretary Jones,

Rise Economy respectfully submits these comments in response to the banking regulatory agencies (Agencies) request for comment pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). Thank you for providing this opportunity for public comment as part of this hearing and the EGRPRA Paperwork Reduction Act process.

Rise Economy is a California-based alliance representing over 300 member organizations that work to create systemic change and economic justice in BIPOC and low-income communities in our state. Our coalition includes organizations that partner with banks to help them meet local community credit needs, including Community Development Financial Institution (CDFI), Community Land Trust (CLT), financial literacy, affordable housing, fair housing, community development, small business, legal service, advocacy, and other community serving organizations.

We believe the regulatory agencies have taken a number of actions recently that are harmful to communities and that move them further away from the Congressional intent and purpose behind the statutes they are meant to oversee and enforce.

A few weeks ago, the American Banker ran an article entitled, "Community banks say regulations no longer such a big concern."[1] Yet here we are.

We believe you are going too far. We now need an Excessive Deregulation Reduction Act process to ensure that deregulatory actions do not substitute the whims of regulatory agencies for the will of Congress.

Purpose of EGRPRA. "The purpose of this review is to identify, with input from the public, outdated, unnecessary, or unduly burdensome regulations and consider how to reduce regulatory burden on insured depository institutions, while, at the same time, ensuring their safety and soundness and the safety and soundness of the financial system."[2]

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[1] https://www.americanbanker.com/news/community-bankers-say-regulations-no-longer-such-big-concern

[2] https://www.federalregister.gov/documents/2025/07/25/2025-14060/regulatory-publication-and-review-under-the-economic-growth-and-regulatory-paperwork-reduction-act

Importantly, the Federal Register clarifies that, "Burden reduction must be compatible with consumer protection and the safety and soundness of insured depository institutions, their affiliates, and the financial system as a whole. Burden reduction also must be consistent with the agencies' statutory mandates, many of which require the issuance of regulations."[3]

We are concerned that as the agencies pursue deregulation at breakneck speed, they are not giving due consideration to statutory mandates, public comments, consumer and anti-discrimination laws and protections, and safety and soundness issues.

Here are a few examples to illustrate these points.

The Community Reinvestment Act was enacted in 1977 and was meant to address the redlining of communities of color and to encourage banks to help meet the needs of low- and moderate-income communities.

The CRA has been responsible for generating trillions of dollars in profit-making loans and investments in communities that have bolstered homeownership, small business development, job creation, and affordable housing in ways that would not have been possible without the passage of the law. According to National Community Reinvestment Coalition analysis, since 2010, this lending includes $717 billion for small business and mortgage lending in California, with over $2 billion of that occurring in rural parts of the state. Over the last few years, Rise Economy and our members have been able to partner with banks of all sizes that have committed to reinvest over $120 billion in our state.[4]

These partnerships have been impactful in communities. Mechanics Bank took the lead in creating a social impact bond and a social impact loan that enabled community groups in Richmond and Fresno California to increase homeownership and decrease blight in underserved neighborhoods.

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[3] https://www.federalregister.gov/documents/2025/07/25/2025-14060/regulatory-publication-and-review-under-the-economic-growth-and-regulatory-paperwork-reduction-act

[4] https://rise-economy.org/publications/bank-agreements/

Community West Bank made a $1 million EQ2 investment in a CDFI lender providing loans to small businesses in several non-urban counties in California's Central Valley. First Citizens Bank is exploring significant low-cost capital support for an innovative fund that will allow Community Land Trusts to acquire property, provide affordable housing, and prevent displacement in communities facing speculation pressures throughout the state.

CRA lending and investment are profitable for banks and can open new markets to financial institutions. And yet the CRA has been effective in encouraging banks to do more in underserved neighborhoods than they might otherwise.[5] The CRA provides hope that all families and communities can access the financial mainstream, achieve financial stability, grow wealth, and prosper.

CRA costs to banks are minimal[6] and efforts to weaken CRA obligations for community banks do not survive a serious cost benefit analysis and will only hurt communities,[7] especially in rural areas.

Further, CRA has become more critical at a time when the federal government has substantially reduced funding for community development and social safety net support. The CRA encourages private capital to leverage and supplement the work of federal, state, and local government. We are concerned that now the CRA is being relied upon as a substitute for government funding in critical areas. CRA is more important than ever and cannot be weakened arbitrarily.

Two final points on CRA. Though not directly within the purview of the banking regulators, we believe that faithful implementation of the section

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[5] Studies conducted by the Federal Reserve of Philadelphia found that banks make 10% less home purchase loans in census tracts that lose eligibility for CRA-qualified loans. Small business lending also declines by nearly 10% in urban census tracts.

[6] CRA compliance costs make up less than one percent of noninterest expenses according to a Federal Reserve of St. Louis report that analyzed responses from three years of community bank surveys.

[7] NCRC did a study that found that all banks in the intermediate bank category were averaging about $3 billion a year in community development financing, which is at risk if deregulation continues.

1071 small business data collection mandate from the Dodd Frank Act would aid CRA implementation by allowing banks to identify gaps in small business lending and demonstrate which institutions are doing a relatively good job serving small businesses and which may be discriminating.

Additionally, in noting that this EGRPRA process may identify areas that require Congressional action, we urge extension of Community Reinvestment Act coverage to credit unions, mortgage lenders, and bank-like fintech firms so as to level the playing for banks in relation to their financial services competitors. Rise Economy is particularly concerned about credit unions purchasing community banks, which has the effect of eliminating CRA reinvestment obligations (since the surviving credit union has no CRA obligation) that benefit communities, often in rural areas. In one case, a credit union notorious for charging millions of dollars in overdraft fees to its young Marine members took over a community bank that had achieved a rare Outstanding CRA rating.[8]

CRA 2023 rule rescission. The agencies rescinded the 2023 CRA rule, which was the product of years of debate and comment. That rule would likely have led to an increase in reinvestment in working class communities and Native Land Areas, ended CRA grade inflation, focused bank lending on the smallest businesses, encourage investment in climate resiliency, and modernized CRA to better capture and set reinvestment expectations for banks that take deposits and lend outside of their branch footprints. The regulators rescinded the rule without substantive explanation except to note litigation by the banking industry.

Critical to impactful implementation of the CRA is fair consideration of community needs and whether they are being met. This analysis cannot be accomplished without considering input from the community. Yet the Agencies are taking steps to shut the community out.

[8] The San Bernardino American Newspaper, "35 Nonprofits Oppose Credit Union Takeover of CRA-Obligated Bank, Urge Stronger Protections," April 23, 2025, available at: https://sb-american.com/2025/04/23/35-nonprofits-oppose-credit-union-takeover-of-cra-obligated-bank-urge-stronger-protections/

FDIC branch opening application process. The FDIC has proposed to effectively eliminate public comments as part of the branch opening application process, even though the CRA statute requires consideration of whether community needs are being met, even though its analysis shows 85% of such applications already benefit from expedited review and even though the FDIC estimates that ending public comment will only save a mere two hours of staff time per application.[9]

OCC "Community Bank" Licensing Proposal. The OCC proposes to streamline certain licensing applications, including those relating to business combinations where the pro forma bank will have less than $30 billion in assets.[10] There are several problems with this proposal. For one, the OCC, seemingly for the first time, introduces the notion of "covered community banks" as those with less than $30 Billion in assets. No analysis is provided to support this new definition of community bank instead of the currently accepted $10 Billion or less threshold. We estimate that a whopping 98% of all banks would be considered "covered community banks" under the OCC's proposal, making meaningless the notion of "community bank."

Also concerning, the OCC proposes a new definition of what constitutes a "significant" concern from public comments that is deemed worthy of OCC consideration to be one where the facts are previously unknown to the OCC and, if proven accurate, would support denial of the filing. This would create a moving "I know it when I see it" standard that provides no transparency to the public and which can only be assumed to provide an excuse for the OCC to ignore public comments altogether. The effect of these proposals would be to deny the public the opportunity to comment on most bank mergers. This is entirely inconsistent with the OCC's obligation to consider whether applicants have met community credit needs, and whether the applicants will meet the convenience and needs of communities. Again, these evaluations of community needs and convenience and needs require the consideration of any and all relevant comments submitted from impacted communities.

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[9] https://www.fdic.gov/board/branch-notice-proposed-rulemaking-federal-register-notice.pdf
[10] https://occ.gov/news-issuances/bulletins/2025/bulletin-2025-28.html

Rescission of statements on bank merger policy. The OCC[11] and the FDIC[12] both rescinded important statements on bank merger policy that were helpful. The FDIC, for example, clarified that bank mergers should leave impacted communities better off. The OCC statement suggested bank merger applicants should respond to concerns raised in comments relating to the merger. Rise Economy believes that bank mergers are generally harmful to communities in that they often result in closed branches, less small business lending, higher consumer fees, lost bank jobs and less support for community initiatives. The bank merger process can mitigate some of these harms if merger applicants are meaningfully required to respond to commenters and communities, show how they have met community credit needs, and demonstrate how the merger will provide a public benefit and will help meet the convenience and needs of impacted communities. The statements on bank merger policy were both positive and would have advanced community considerations in a way that would have reduced harm and increased public benefit to communities.

Debanking. Bizarrely, as the regulators overzealously endeavor to ease regulatory burden on banks, they have imposed a significant burden on banks to identity examples of, and policies relating to, debanking of customers due to political, religious, or lawful commercial reasons. And a lot of effort will have to be dedicated to this investigation since debanking of this kind probably rarely, if ever, occurs for reasons unrelated to legitimate risk to the bank.

At the same time, disturbingly, the President has called on regulators to investigate, disrupt and dismantle any and all illegal operations linked to antifa or its financial backers. There is concern that this could prompt banks to overreact and to exit progressive clients, subjecting banks to corresponding litigation and resulting in increased burdens to file additional suspicious activity reports and otherwise account for their actions and

[11] https://occ.gov/news-issuances/bulletins/2025/bulletin-2025-9.html
[12] https://www.fdic.gov/news/press-releases/2025/fdic-board-directors-approves-proposal-rescind-2024-bank-merger-policy

policies in this space. This charge is also inconsistent with the notion of debanking, if not at odds with it.[13]

Finally, the regulators have proposed using the CRA process as a vehicle for considering debanking. This notion is offensive to the language, intent, and history of CRA, which is the nation's anti redlining law that was designed to encourage banks to help meet the credit needs of LMI communities. Debanking is not new and it is not confined to a few recent anecdotes or rumors relating to conservatives or gun manufacturers. For many years, countless customers, homeowners, small business owners, and community organizations in LMI communities of color have been debanked with no access to the financial mainstream or have been relegated to subprime service at extractive costs. A mystery shopping survey of banks in California found that consumers of color and those with limited English proficiency faced added barriers and different treatment when trying to open a bank account.[14] The CRA process should be used to investigate this historic and more prevalent kind of debanking, though it has never really done so. An effort by the CFPB to treat discrimination by banks against prospective or actual customers in the non-credit context as unfair and deceptive was challenged by the American Bankers Association, the Consumer Bankers Association, and the United States Chamber of Commerce.[15]

Pause on fair housing exams. The OCC has advised staff that it will pause all fair housing examinations until the end of January 2026.[16] Refraining from fair housing exams and potentially weakening fair housing oversight at the OCC does no favors to national banks that will still be subject to, and potentially liable for failure to abide by, federal, state and local anti-discrimination statutes and case law. Such a pause and any potential

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[13] https://www.americanbanker.com/news/banks-weigh-contradictory-orders-on-antifa-debanking
[14] https://rooseveltinstitute.org/publications/banking-for-the-people/?utm_medium=pdf&utm_source=web&utm_campaign=bankingfinancialinclusion&utm_content=bankingforthepeople
[15] See https://rise-economy.org/rise-economy-and-100-organizations-urge-bank-ceos-to-make-good-on-anti-discrimination-racial-wealth-gap-closing-comments/
[16] https://news.bloomberglaw.com/banking-law/occ-pauses-fair-lending-exams-even-as-it-probes-debanking

weakening of fair housing oversight by the OCC will be harmful to Fair Housing Act, Equal Credit Opportunity Act, and Home Mortgage Disclosure Act enforcement, will be unfaithful to those statutes, is not justified by a cost benefit analysis, and ignores the OCC's duty to affirmatively fair housing.

OCC proposes to remove requirements under Fair Housing Home Loan Data System. Similarly, the OCC's proposal to eliminate requirements under the Fair Housing Home Loan Data System[17] shirks its fair housing oversight responsibilities, ignores the benefits of the data to borrowers, communities, and markets, and sends the wrong message to national banks about what is expected of them. The proposal notes that the data collection requirements in certain ways augment HMDA requirements in that the OCC data reporting includes certain data fields not a part of HMDA and covers additional lenders that are not required to report HMDA. The proposal suggests that the OCC has used this unique data set in the past in accordance with its purpose to provide a basis for a more effective fair housing monitoring program for home loans.[18] This data reporting rubric should be maintained.

Material Risks Proposal. The FDIC and the OCC propose also to redefine and narrow the circumstances under which they would issue Matters Requiring Attention (MRAs). The proposal would substantially raise the threshold before which the agencies could utilize this important enforcement tool which helps to ensure that critical laws are being followed and that banks are addressing deficiencies that can lead to greater risks, and potentially, failure. Of particular concern is that under the proposal, MRAs would not be issued for potential violations of consumer financial protection laws unless they are deemed to present material harm or material risk of loss to the bank.[19] But of course, today's MRAs, if not addressed and left to fester and exacerbate, become tomorrow's material risks. The result of this proposal will be fewer MRAs, but greater risk to bank stability and greater

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[17] https://occ.gov/news-issuances/bulletins/2025/bulletin-2025-27.html
[18] https://occ.gov/news-issuances/news-releases/2025/nr-occ-2025-95a.pdf
[19] https://www.fdic.gov/news/press-releases/2025/agencies-issue-proposal-focus-supervision-material-financial-risks

consumer financial abuse as banks will be more easily able to shirk compliance with existing consumer protection laws. The costs of this overly broad approach to consumers, communities, and the health of banks and our financial system far outweigh any potential benefit to the banks.

Rescission of Principles for Climate-Related Financial Risk Management for Large Financial Institutions.[20] The agencies also rescinded the principles for climate related financial risk management.[21] Nevertheless, as noted in yesterday's American Banker, "Climate change should still factor into banks' risk frameworks, credit analysts say, despite bank regulators' recent pullback of climate-related guidance. Financial losses at banks connected to climate risks have so far been manageable, according to a recent report from Fitch Ratings, but financial institutions still must contend with the steady rise in the number of natural disasters, along with the rapid evolution of technology, regulation, and government priorities around climate change." The article cites increasing insurance costs, the billions of dollars in uninsured losses as part from the LA fires, and the threat of both physical and transition climate related financial risk as areas of concern.[22]

Moving away from the modest climate principles at a time when climate related and climate exacerbated disasters devastate communities (see the LA fires), and as insurance becomes unavailable and unaffordable to so many homeowners and affordable housing developers, confirms that the agencies are abdicating their responsibility to ensure the safety and soundness of financial institutions and our financial system. The failure to address climate-related financial risk and its disparate impacts on rural, low income and of color communities puts us all at risk, and it is consumers who are paying and will continue to pay the price.

[20] https://www.federalreserve.gov/newsevents/pressreleases/bcreg20251016a.htm

[21] See https://www.commondreams.org/news/bank-regulators-pull-climate-rules and https://www.nytimes.com/2025/10/17/climate/fed-climate-risk-mandate.html

[22] https://www.americanbanker.com/news/what-the-pullback-of-u-s-climate-guidance-means-for-banks

Firing of FDIC examiners and staff. The prospect of bank failure or financial crisis is only heightened by recent FDIC efforts to reduce its workforce through layoffs, enticing early retirement, and failure to hire new examiners.[23] The bank regulatory agencies and their examiners play a critical role in supervising banks, ensuring compliance with fair housing and consumer protection mandates, and preventing bank failures. Reducing staff and bank exams creates added risk in our system and raises concerns that regulators are once again asleep, or not even present, at the switch.

Conclusion. In their zeal to show they are deregulating and hewing to political mandates, the agencies are going too far in sacrificing faithfulness to statutes and are weighting the scales in favor of minimal cost savings from deregulation while ignoring substantial community and systemic benefits from our current framework. The regulatory decisions being made now will harm communities and will no doubt be cited in future investigations and inquiries into what caused the ensuing financial crises, scams, and devastating losses that will be the consequence of rapid and ill-considered deregulation. We urge the regulators to exercise restraint, show greater respect for the statutes they are charged with overseeing, and to consider the significant impacts on communities of their actions.

Thank you for your consideration of our views. Should you have any questions about this letter, please feel free to reach out to Kevin Stein at Rise Economy at (415) 864-3980, or kstein@rise-economy.org.

Very Truly Yours,

Kevin Stein
Rise Economy

[23] https://www.npr.org/2025/02/27/nx-s1-5307239/fdic-jobs-bank-regulator-trump-doge-elon-musk