

# PARTNERSHIP FOR FINANCIAL EQUITY, THOMAS CALLAHAN

## Proposal and Comment Information

**Title:** Community Reinvestment Act Regulations, R-1869

**Comment ID:** FR-2025-0041-01-C05

## Submitter Information

**Organization Name:** Partnership for Financial Equity

**Organization Type:** Organization

**Name:** Thomas Callahan

**Submitted Date:** 08/15/2025

Please accept the attached comments.

# PARTNERSHIP for FINANCIAL EQUITY

DEPARTMENT OF THE TREASURY  
Office of the Comptroller of the Currency  
Docket ID OCC-2025-0005  
Chief Counsel's Office  
Attention: Comment Processing  
400 7th Street, SW, Suite 3E-218  
Washington, DC 20219

FEDERAL RESERVE SYSTEM  
Docket No. R-1869  
RIN 7100-AG95  
Ann E. Misback, Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

FEDERAL DEPOSIT INSURANCE CORPORATION  
RIN 3064-AG13  
Jennifer M. Jones  
Deputy Executive Secretary  
Attention: Comments RIN 3064-AG13  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

Comments from the Partnership for Financial Equity on proposal to amend Community Reinvestment Act regulations by rescinding the final rule titled "Community Reinvestment Act" published in the Federal Register on February 1, 2024

August 15, 2025

The Partnership for Financial Equity appreciates the opportunity to comment on the Notice of Proposed Rulemaking (NPR) regarding the rescission of the 2024 changes to the Community Reinvestment Act (CRA).

Founded in 1990, our organization was established to unite community organizations and financial institutions in a shared mission: to expand access to credit and financial services across

the Commonwealth, with a focus on low- and moderate-income communities and communities of color. We are funded by member financial institutions and community-based organizations, and our Board of Directors is evenly composed of representatives from both sectors.

PFE has a proud legacy of pioneering initiatives that advance financial equity. We launched *Basic Banking for Massachusetts* in 1994, the nation's first voluntary statewide low-cost checking and savings account program. We also spearheaded the anti-predatory mortgage lending campaign *Don't Borrow Trouble*, first adopted by the City of Boston in 1999 and later by Freddie Mac.

Our flagship contributions continue to be our annual research reports on home mortgage and small business lending. These analyses examine lending patterns to low- and moderate-income borrowers and communities, with a focus on racial and ethnic disparities and lender types. Notably, our early mortgage lending reports identified the rise of subprime lending in Massachusetts, leading to the passage of the Mortgage Lender Community Investment Law in 2007 – the first law in the nation to extend CRA obligations to independent mortgage companies.

True to our founding mission, PFE serves both as a convener and a researcher. Through our standing committees, we provide a forum for dialogue between financial institutions and community organizations on emerging issues impacting lending and financial services in underserved neighborhoods. Our ongoing monitoring of lending trends and regulatory developments informs our advocacy and ensures that our work reflects real-time changes affecting low-income communities and communities of color.

With this unique perspective, we offer the following comments on the NPR proposing to rescind the final rule titled "*Community Reinvestment Act*", published in the *Federal Register* on February 1, 2024.

We are concerned that this complete rescission of the 2023 Rule continues a cycle of uncertainty as to the CRA which affects both our financial and community members. Financial institutions have spent significant time preparing for the 2023 Rule and now must pivot yet again to a prior set of rules. Indeed, national banks will now have experienced five regulatory changes in CRA in six years, complicating strategic planning and CRA compliance. Community organizations have also experienced this uncertainty, as banks which had planned to invest in geographic areas that would fall within assessment areas under the 2023 Rule will now operate under the prior rules, resulting in potential donations and investments being taken off the table. This ongoing uncertainty does not serve the goals of CRA or the needs of our communities, and as we understand that a new round of rulemaking may result in the future to try – again – to modernize CRA, we strongly urge the Agencies to give clear and definitive rules and guidance for our members that are not a risk of being retracted or changed.

Further, a complete rescission of the 2023 Rule eliminates implementation of several provisions that we believe our members can collectively agree are important. Reverting to a regulatory framework developed over 30 years ago fails to reflect the current realities of the banking system and undermines that progress. The CRA must be modernized, and we believe most stakeholders in the banking industry and the community development sector agree on this necessity. Indeed,

the Senate Banking Committee recently voted, on a unanimous and bi-partisan basis, to advance legislation designed to spur housing growth in underserved communities. If opposing political parties can agree on this topic, we believe that the Agencies and stakeholders can come together to update key elements of CRA within the 2023 Rule without starting over from scratch once again.

We also wish to reiterate the comments we made in our 2022 comment letter, which remain relevant to any updates or changes to CRA rulemaking:

- We believe that CRA reform is needed to reflect the modern banking landscape, where many institutions conduct substantial lending activity in areas beyond their traditional branch networks. Banks that issue significant volumes of home mortgage or small business loans outside their branch-based assessment areas should be held accountable for equitable service to low- and moderate-income communities. In Massachusetts and elsewhere, this would bring certain lenders under CRA obligations for the first time. While there may be differences of opinion about how to define those obligations, we believe the principle—that CRA should apply where banks do substantial business—is broadly supported.
- The Agencies should uphold the statutory mandate to *“assess the institution’s record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution.”* Communities of color are a critical part of that “entire community,” and nothing in the statute prohibits evaluating lending performance by race and ethnicity. We believe CRA regulations should explicitly recognize the importance of serving communities of color.
- We urge the Agencies to enhance the value of an “Outstanding” CRA rating. For years, stakeholders at our forums have highlighted the lack of meaningful incentives for banks to strive for the highest performance ratings. We continue to recommend that regulators consider benefits such as expedited regulatory reviews (unrelated to mergers) and improved access to low-cost borrowing through the Federal Home Loan Bank, particularly for banks demonstrating strong support for economic development and affordable housing in underserved communities.

We thank you for the opportunity to comment on the proposed rescission.