NATIONAL COMMUNITY REINVESTMENT COALITION, ET AL, JESSE VAN TOL

Proposal and Comment Information

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Organization Name: National Community Reinvestment Coalition, et al

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RE: Docket ID OCC-2025-0005, Federal Reserve Docket No. R-1869 and RIN 7100-AG95, FDIC RIN 3064-AG13 - Proposal to rescind the 2023 rule regarding implementation of the Community Reinvestment Act

The National Community Reinvestment Coalition (NCRC) and our undersigned member organizations and coalition partners appreciate the opportunity to comment on this rulemaking. Rescinding the 2023 rule keeps the Community Reinvestment Act (CRA) trapped in an era before online lending and reverses progress toward adding much needed transparency. The agencies should reject this proposal since it will limit the CRA's ability to achieve its critical statutory purpose.

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 accomplishes 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]

However, aspects of the CRA have struggled to keep up with modern banking and technology. The 2023 rule was the agencies' attempt to bring the CRA into the 21st century and address longstanding issues since the CRA was last updated. This was the first comprehensive update to the CRA regulations finalized by all three of the relevant agencies since 1995, and a significantly better framework than the widely criticized approach the Office of the Comptroller of the Currency (OCC) attempted to implement by itself in 2020.[2] The agencies received approximately 950 unique comments on the proposed rule from a wide range of interested parties.[3] Despite the resulting final rule modifying the proposal in numerous ways in response to

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[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] The other agencies in charge of CRA implementation and supervision are the Federal Deposit Insurance Corporation (FDIC), and the Federal Reserve. More information can be found at *OCC goes it alone on narrower CRA rule*. American Banker. May 20, 2020. Available online at https://www.americanbanker.com/news/occ-goes-it-alone-on-narrower-cra-rule

[3] Federal Register. Vol. 89, No. 22. February 1, 2024. Page 6584. Available online at https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf

bank feedback, shortly after the rule was announced several bank trade organizations and the Chamber of Commerce filed a lawsuit to prevent it from being implemented.[4]

This comment focuses on several concerns with how the CRA is currently implemented that limit its effectiveness. Specifically

- The focus on bank activities located near bank branches is contrary to the legislative intent and history of the CRA and creates ever-expanding blind spots during CRA evaluations,
- A lack of transparency for how banks are rated, and how practically all banks pass their CRA exams despite ample evidence that many communities' credit needs continue to be underserved,
- A lack of data making it harder to identify and fill gaps in community development loans and investments, as well as pressing community development needs not qualifying as CRA eligible, and,
- Outdated methods of gathering input on the development of strategic plans stifle the public's ability to weigh-in on how an increasing number of banks attempt to meet their credit needs

Current Assessment Areas Are Not Relevant to Modern Banking

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. Even organizations that filed a lawsuit to prevent the 2023 rules from going into effect acknowledge how much banking has changed since the CRA's regulations were last updated. According to the American Bankers Association (ABA) the

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[4] Changes to the CRA rule proposed in 2022 and finalized in 2023 based on bank feedback include: reducing the number of product lines considered in the Retail Lending Test from six to three and only evaluating automobile lending at a banks request or if it makes up a majority of the banks loans, adjusting the performance ranges of the Retail Lending Test to make Satisfactory and Outstanding ratings easier to achieve, adjusting thresholds for Retail Lending Assessment Areas to exclude more banks and to decrease the number of Retail Lending Assessment Areas for banks it applies to, increasing the compliance date for new requirements by a year, limiting what would trigger a rating downgrade, and making it so the evaluation of credit and deposit products can only contribute positively to a bank's rating. More information on changes from the 2022 proposed rule to the 2023 final rule can be found here https://www.federalreserve.gov/aboutthefed/boardmeetings/files/cra-memo-20231024.pdf Information on the ABA, ICBA, Chamber of Commerce, and other's lawsuit to prevent the 2023 rule from going into effect can be found here https://www.aba.com/advocacy/policy-analysis/trade-associations-sue-regulators-cra

[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

current branch-based approach "has not kept pace with technological developments" and "as a practical matter, CRA cannot be modernized without taking the digital revolution into account."[6]

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] This expansion of assessment areas would likely result in more lending to borrowers with LMI and in LMI communities. The Federal Reserve Bank of Philadelphia has found that banks make a higher percentage of their loans to these borrowers and census tracts in assessment areas than in markets they are not evaluated in.[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 of CRA performance to only markets where a bank maintains branches limits the CRA's ability to evaluate if banks are meeting credit

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[6] American Bankers Association Comment Letter on Interagency CRA Proposal. August 5, 2022. Page 9. Available for download online at https://www.regulations.gov/comment/OCC-2022-0002-0484

[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 , 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

[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).

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 CRA 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 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 proposed rule from the Independent Community Bankers of America (ICBA) note that "many [banks] see it as a reasonable solution to addressing the inadequacy of the current rules addressing internet banks."[17] It is also noteworthy that both the ICBA and the ABA support how the 2023 rule allowed banks to receive credit for community development activities outside of their branch networks.[18] If banks receive positive consideration for community development activities outside their branch based assessment areas, as currently allowed under the 1995 framework in certain circumstances, then there must be a coinciding evaluation of a

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[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.

[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] American Bankers Association Comment Letter on Interagency CRA Proposal. August 5, 2022. Page 2. Available for download at https://www.regulations.gov/comment/OCC-2022-0002-0484 and Independent Community Bankers of America Comment Letter on Interagency CRA Proposal. August 5, 2022. Page 10. Available for download at https://www.regulations.gov/comment/OCC-2022-0002-0315

bank's lending outside their branch networks as well.[19] CRA regulations cannot allow banks to game the system by maximizing opportunities for positive consideration by allowing credit for community development outside of branch networks, while minimizing the possibility of a more thorough exam resulting in a lower rating by turning a blind eye to lending outside of branch networks.

Determining Ratings

NCRC and our member organizations have written hundreds of comment letters on CRA performance since the current framework was adopted in 1995. These letters often focus on a specific bank's lending to borrowers with LMI, in LMI census tracts, or to small businesses and farms compared to other lenders and demographics in an assessment area. This analysis is meant to influence the rating a bank will receive on the lending test, which determines whether a bank will receive an overall rating of at least "satisfactory".[20]

The 1995 framework "relies on examiner discretion to draw a conclusion about a bank's level of lending" to determine whether a bank's lending is satisfactory or outstanding, and which show need for improvement or substantial noncompliance with the CRA's requirements that institutions meet the credit needs of the entire community.[21] This discretionary approach has resulted in 98% of banks receiving at least satisfactory ratings since the 1995 framework began.[22]

The rate at which banks pass their CRA exams has not been affected by their significant decline in mortgage lending to borrowers with LMI and LMI communities. Homeownership has "historically been one of the most effective vehicles for accumulating and transferring

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[19] Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment; Guidance. Federal Register / Vol. 81, No. 142 / Monday, July 25, 2016. Question § ll.12(h)—6. Page 48530. "In addition, a retail institution will receive consideration for certain other community development activities. These activities must benefit geographies or individuals located somewhere within a broader statewide or regional area that includes the institution's assessment area(s). Examiners will consider these activities even if they will not benefit the institution's assessment area(s), as long as the institution has been responsive to community development needs and opportunities in its assessment area(s)." Available online at https://www.govinfo.gov/content/pkg/FR-2016-07-25/pdf/2016-16693.pdf

[20] Federal Register / Vol. 60, No. 86 / Thursday, May 4, 1995. Pages 22183 (OCC regulated banks), 22194 (Federal Reserve regulated banks), and 22206 (FDIC regulated banks). Available online at https://www.govinfo.gov/content/pkg/FR-1995-05-04/pdf/95-10503.pdf

[21] Federal Register. Vol. 89, No. 22. February 1, 2024. Page 6787. Available online at https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf

[22] NCRC analysis of CRA ratings using the FFIEC's CRA Ratings Database. We identified 48,842 exams with an exam date after July 1, 1997. Of those exams, only 899 resulted in an institution receiving an overall rating of either "needs to improve" or "substantial noncompliance". July 1, 1997 is the effective date for the lending test evaluations established by the 1995 framework. This can be found in Federal Register / Vol. 60, No. 86 / Thursday, May 4, 1995. Page 22176. https://www.govinfo.gov/content/pkg/FR-1995-05-04/pdf/95-10503.pdf

[generational] wealth" as recently noted by the former Acting Comptroller of the Currency.[23] Yet since 2018 the number of mortgages originated by all CRA covered banks has dropped from over 1 million mortgages to either a borrower with LMI or in an LMI census tract, to just over 680,000 originations in 2023 - a 37% decrease.[24] Banks are increasingly losing market share to mortgage companies and credit unions that are not currently covered by the federal CRA. In 2018, banks accounted for 43% of all home loans (including purchase, refinance and home improvement) and 37% of purchase loans, in 2023 this dropped to 34% and 28% respectively.[25] We see this reflected in the number of mortgage company originations to either LMI borrowers or in LMI census tracts, which was 73% higher than the number of bank originations in 2023.[26] This decline is partly explained by a retreat from offering FHA loans, with the percentage of total bank originated FHA loans starting to decline in 2020, and with many of the largest banks significantly winding down FHA lending and failing to provide an alternative affordable lending product.[27] CRA ratings have not reflected this decline from the only lenders currently covered by the CRA, with the same 98% of CRA exams resulting in satisfactory or outstanding ratings from 2018 through January 2025.[28]

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[23] Remarks of Rodney E. Hood, Acting Comptroller of the Currency, at the Homebuyers Fair in Detroit, Michigan. June 28, 2025. Page 3. Transcript available online at https://occ.gov/news-issuances/speeches/2025/pub-speech-2025-65.pdf.

[24] NCRC Analysis of Home Mortgage Disclosure Act Data from federally insured banks. In 2018, all banks originated 1,077,214 mortgage loans to either a borrower with LMI or in an LMI census tract. In 2023, this was 682,359. Our analysis focuses on loan originations for a variety of reasons. Purchasing loans does not entail as much effort and resources in responding to local credit needs as originating loans. Originating loans involves determining which products best respond to local needs, conducting flexible underwriting that preserves safety and soundness while increasing access, and marketing to underserved communities. In contrast, when a financial institution purchases loans, it is relying on another entity to do the multiple tasks associated with originating loans. Furthermore, a recent paper by Federal Reserve economist Kenneth P. Brevoort found that loan purchases did not increase access to lending for borrowers and communities with LMI, and that purchased loans in LMI tracts were disproportionately to middle- and upper-income borrowers. Loan purchases for CRA purposes primarily decreased the share of loans purchased by government-sponsored enterprises (GSEs) initially, with these loans appearing to be resold to the GSEs within a few months. Kenneth P. Brevoort, Federal Reserve Board, *Does Giving CRA Credit for Loan Purchases Increase Mortgage Credit in Low-to-Moderate Income Communities?*, May 2022, available via SSRN, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4100514

[25] *NCRC Mortgage Market Analysis*. Lender Type by Loan Purpose. Analysis includes all site built, owner occupied, 1-4 unit loans. October 2024. Available online at https://ncrc.org/ncrc-mortgage-market-analysis/#fig02

[26] NCRC Analysis of Home Mortgage Disclosure Act Data from federally insured banks and mortgage companies. In 2023, all banks originated 682,359 mortgage loans to either a borrower with LMI or in an LMI census tract and mortgage companies originated 1,181,937.

[27] *2020 HMDA Preliminary Analysis.* NCRC. August 19, 2021. Available online at https://www.ncrc.org/2020-hmda-preliminary-analysis/.

[28] NCRC analysis of CRA ratings using the FFIEC's CRA Ratings Database. We identified 8,620 exams with an exam date after January 1, 2018. Of those exams, only 160 resulted in an institution receiving an overall rating of either "needs to improve" or "substantial noncompliance".

Furthermore, despite practically all banks passing their CRA exams, there is ample evidence that many communities continue to have less access to lending and the wealth it creates. The gap between homeownership rates for white and black households has grown since the CRA was passed, and black and Hispanic borrowers still pay more for mortgages on average compared to others.[29] Using Chicago as an example, more mortgage loans were made in four different majority-white neighborhoods than all the majority-black neighborhoods combined from 2012 through 2018.[30] Looking at small businesses, the percentage of businesses owned by black, Hispanic, or Native American entrepreneurs continues to trail their respective percentages of the overall US population, with gaps for both black and Hispanic businesses over 10 percentage points.[31] White business owners also report being fully approved for financing over half the time, whereas only 35% and 39% of black and Hispanic business owners do.[32] Finally, NCRC's testing of small business lenders found that white testers were both given more information from lenders and asked to provide less up front details about their business to get information on bank products than black and Hispanic testers.[33] In summary, the continued trends of less access to mortgage and small business lending, combined with banks' significant drop in mortgage loans compared to mortgage companies not covered by the CRA, does not coincide with practically all banks passing their CRA exams.

In the 2023 rules, the agencies introduced performance ranges "to increase consistency in evaluations and provide improved transparency and predictability regarding the retail lending performance needed to achieve a particular conclusion".[34] There are many benefits to this approach. All stakeholders: community members and organizations, banks, and examiners, will benefit from clearly knowing how much lending is deemed satisfactory or outstanding. That clarity could streamline the lending test review and provide more time to review qualitative

[29] In 1975, two years before the CRA passed, the gap between white and black homeownership rates was 21.5%, and in 2023 it was at 28.6%. *Decades of Disinvestment: Historic Redlining and Mortgage Lending Since 1981*. May 2024. Available online at https://ncrc.org/decades-of-disinvestment/. Information on loan costs can be found in *NCRC Mortgage Market Analysis.* October 2024. Available online at https://ncrc.org/wp-content/uploads/2024/09/NCR-Mortgage-Market-Analysis-FINAL.pdf

[30] *Where Banks Don't Lend*. WBEZ 91.5 Chicago. June 3, 2020. Available online at https://interactive.wbez.org/2020/banking/disparity/.

[31] According to the US Census Bureau in 2022 3.3% of all US employer firms were black owned, 7.9% were Hispanic owned, and .8% were owned by Native Americans. *Census Bureau Releases New Data on Minority-Owned, Veteran-Owned and Women-Owned Businesses.* December 19, 2024. Available online at https://www.census.gov/newsroom/press-releases/2024/employer-businesses.html. The 2020 census shows that 13.7% of the US population is black, 19.5% Hispanic, and 1.3% Native American. https://www.census.gov/quickfacts/fact/table/US/POP010220

[32] *2025 Report on Employer Firms: Findings from the 2024 Small Business Credit Survey*. Page 17. Available for download online at https://www.fedsmallbusiness.org/reports/survey/2025/2025-report-on-employer-firms

[33] *Disinvestment, Discouragement and Inequity In Small Business Lending*. NCRC. Available online at https://ncrc.org/disinvestment/

[34] Federal Register. Vol. 89, No. 22. February 1, 2024. Page 6787. Available online at https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf

aspects of a bank's CRA performance. This will also encourage lenders below satisfactory performance to prioritize increasing lending to borrowers and communities with LMI, benefiting borrowers as well as the overall economy.

The agencies estimated that if the 2023 lending test was in place from 2018-2020 then 10.3% of large and intermediate sized banks would have received a rating of either "Needs to Improve" or "Substantial Noncompliance".[35] This seems appropriate given the discussed decline in LMI mortgage lending and ongoing disparities in mortgage access. However, it is reasonable to believe that banks would have consulted the performance ranges and taken steps to maintain or increase their lending to underserved borrowers and census tracts to achieve passing ratings. Those banks could devise strategies to achieve passing ratings either through participating in FHA lending or offering alternative affordable mortgage products, hiring more loan officers with connections to underserved communities, increasing advertising with community-centered media, or by expanding partnerships with nonprofit organizations to provide mortgage and credit counseling. The lending performance of mortgage companies discussed earlier clearly indicates that there is additional demand from borrowers with LMI and in LMI census tracts that the banking industry could, and should, serve.

Community Development Data and Definitions

Before the 2023 rule, CRA regulations did not include annual reporting requirements for individual community development loans and investments.[36] Previous regulations required large banks to report aggregated data on community development lending annually, with no annual reporting of investments even at the aggregate level.[37] Individual loan and investment data is only gathered by examiners during CRA evaluations that typically occur every three to four years.[38] This makes it impossible for examiners, banks, and the public to comprehensively evaluate the level and type of community development financing at the local level. To do this using currently available data, interested stakeholders would have to review specific CRA exams of all banks in a community, with the information reported covering different time periods based on the last time the bank was examined.

The 2023 rule addressed this by adding annual reporting requirements for large banks.[39] This data would help banks and community organizations identify and fill gaps in community development financing. Examiners would also have significantly more information for determining performance context and evaluating whether a specific bank's community development activities are responsive to local needs. For example, regulators could identify

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[35] Ibid. Table 33. Page 6914.

[36] Federal Register. Vol. 89, No. 22. February 1, 2024. Page 7062. Available online at https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf

[37] Ibid.

[38] Ibid.

[39] 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

communities that specifically lack economic development financing and then award additional positive consideration to banks active in supporting local organizations that assist small businesses. The 2023 rules also established factors for reviewing the impact and responsiveness of community development, such as financing or services that benefit persistent poverty counties or census tracts with poverty rates of 40% or higher.[40] CRA exams would then include a specific breakdown of how much of a bank's community development fits into each of these specific categories.[41] Together these updates would have significantly improved the examination process by making it easier for all stakeholders to identify specific markets where loans and investments are most needed, and the specific kinds of community development financing that are currently lacking.

Furthermore, all stakeholders will be negatively impacted by the loss of the 2023 rule's updates to what qualifies as community development. These changes were likely to increase resources for needs that have become more pressing since the 1995 framework was adopted, while also providing banks with additional ways to meet community development requirements. For example, the new "disaster preparedness and weather resiliency" category would have awarded banks for financing that helps households and communities with LMI minimize the damages of severe weather events.[42] The frequency and cost of these events has increased significantly since 1995, with 22 disasters resulting in damages of a billion dollars or more in 2020 alone.[43] This destruction has a disproportionate impact on households with LMI who are more likely to live in affected areas, and in housing more susceptible to damages such as older homes or apartment buildings, and manufactured housing.[44] These tragedies strain the finances of households with LMI in a number of ways, including loss of income and housing, and unexpected medical expenses. Current regulatory guidance allows CRA credit for activities designed to revitalize or stabilize federally designated disaster areas, but does not explicitly provide credit for activities that would proactively minimize the damages of these events before they occur.[45]

[40] Federal Register. Vol. 89, No. 22. February 1, 2024. Page 6713. Available online at https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf

[41] Federal Register. Vol. 89, No. 22. February 1, 2024. Page 6715. Available online at https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf

[42] Federal Register / Vol. 89, No. 22 / Thursday, February 1, 2024. Page 6692. Available online at https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf

[43] *FSOC Report on Climate-Related Financial Risk*. Financial Stability Oversight Council. Page 11. Available online at https://home.treasury.gov/system/files/261/FSOC-Climate-Report.pdf

[44] *The Impact of Climate Change on American Household Finances*. Department of the Treasury. Page 7. Available online at https://home.treasury.gov/system/files/136/Climate_Change_Household_Finances.pdf and Federal Register / Vol. 89, No. 22 / Thursday, February 1, 2024. Page 6693. Available online at https://www.govinfo.gov/content/pkg/FR-2024-02-01/pdf/2023-25797.pdf.

[45] Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment; Guidance. Federal Register / Vol. 81, No. 142 / Monday, July 25, 2016. Questions ll.12(g)(4)(ii)—1 and

Strategic Plans

The 1995 framework gives banks the option to have their CRA performance evaluated based on a strategic plan that includes measurable annual goals to evaluate the bank's performance.[46] The agencies note 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."[47] More banks are using the strategic plan option, with the number of strategic plan CRA exams increasing by 75% from 2018 to 2023.[48] The number of strategic plan exams will likely continue to rise as more banks offer services online and do not use traditional branch networks.

The 2023 rules introduced common-sense updates to how banks solicit public input on whether their strategic plans serve community needs. Under the 1995 framework, 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 the plan available in branches.[49] 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 plans are available for comment. The 2023 rules improved this process by requiring draft strategic plans to be placed on an agency website for a 60-day comment period, as well as the bank's website, in addition to the current practice of placing notices in newspapers.[50] 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 will result in less input from the public.[51]

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ll.12(g)(4)(ii)—2. Page 48527. Available online at https://www.govinfo.gov/content/pkg/FR-2016-07-25/pdf/2016-16693.pdf

[46] 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

[47] 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

[48] 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.

[49] 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

[50] 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

[51] 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

Conclusion

Rescinding the 2023 CRA rule prevents many needed and common-sense updates to the CRA process. This proposal will limit the CRA's effectiveness and preserve unequal access to wealth-building opportunities as more and more bank activities occur outside the scope of CRA exams. Also, the loss of changes in the 2023 rule designed to increase transparency will negatively affect all stakeholders: the agencies, community members and organizations, as well as banks.

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

Sign On Organizations

ABLE Advocates for Basic Legal Equality Inc

Adelante Mujeres

African American Alliance of CDFI CEOs

Americans for Financial Reform Education Fund

Arizona Native Asset Coalition Corporation

Association for Neighborhood and Housing Development

Baltimore Community Lending

Beneficial State Bank

Beneficial State Foundation

Benjamin Rose

BLDG Memphis

Bridgeport Neighborhood Trust Inc., d/b/a Building Neighborhoods Together

CAARMA

CASA of Oregon

Catholic Charities USA (CCUSA)

CDFI Friendly South Bend

Ceiba

Center for Economic and Social Justice

Center for LGBTQ Economic Advancement & Research (CLEAR)

Center for Responsible Lending

Chaffee Housing Trust

Chicago Community Loan Fund

Chicanos Por La Causa Inc

Community Action Committee of the Lehigh Valley

Community Development Alliance Inc.

Community Housing Development Corporation

Community Opportunity Alliance (formerly NACEDA)

Community Reinvestment Alliance of Florida Inc.

Consumer Action

Consumers Council of Missouri

Dominican Center

Economic Action Maryland Fund

Empire Justice Center

Fair Finance Watch

Fair Housing Center of Central Indiana

Fair Housing Center of West Michigan

Freedom Equity Inc.

Georgia Advancing Communities Together, Inc.

Georgia WAND Education Fund, Inc.

Green America

Habitat for Humanity St. Tammany West

Harlingen CDC

Henderson & Company

Homestead Resources

Housing Action Illinois

Housing Education and Economic Development (HEED)

Housing Opportunities Made Equal of Greater Cincinnati

Housing Oregon

Housing Resources, Inc.

HousingWorks RI

ICON CDC

JustLeadershipUSA

LaCasa of Goshen, Inc.

Latino Leadership Council

Lawrence CommunityWorks

Local First Arizona

Long Island Housing Services, Inc.

Massachusetts Action for Justice

Massachusetts Affordable Homeownership Alliance (MAHA)

Massachusetts Association of Community Development Corps (MACDC)

Metro Milwaukee Fair Housing Council

Metro West Collaborative Development

MIlwaukee Christian Center

Minnesota Consortium of Community Developers

Movin Out, Inc.

NAACP

NAME Ministries Inc

National Fair Housing Alliance

Neighborhood Community Development Fund

New Jersey Citizen Action

Nonprofit Finance Fund

North Hartford Partnership

NSC

NWCS, Inc.

OFN

Omaha 100

PathStone Enterprise Center

Philadelphia Association of Community Development Corporations

Pima County Community Land Trust

Pittsburgh Community Reinvestment Group

Prestamos CDFI, LLC

Prosperity Indiana

Proud Ground

Public Citizen

R.A.A. - Ready, Aim, Advocate Committee

REBOUND, Inc

Reinvest Toledo

Rise Economy

River City Housing, Inc.

Riverworks Development Corporation

Scale Link

SDPCDC

Southwest Boston CDC

Southwest Community Development Corporation

Southwest Economic Solutions DBA MiSide Wealth

St. Louis Equal Housing & Community Reinvestment Alliance

TakeRoot Justice

The American Dream Housing Counseling Agency

The Greenlining Institute

The National Coalition for Asian Pacific American Community Development (National CAPACD)

Tolson Center for Community Excellence

UnidosUS

United South Broadway Corporation

Universal Housing Solutions CDC

Urban Economic Development Association of Wisconsin

Urban Land Conservancy

Urban League of Union County

Urban Strategies, Inc. (USI)

Westchester Residential Opportunities, Inc.

Wisconsin Preservation Fund

Woodstock Institute

Working In Neighborhoods