

U.S. SENATE, CATHERINE CORTEZ MASTO

Proposal and Comment Information

Title: Community Reinvestment Act Regulations, R-1869

Comment ID: FR-2025-0041-01-C24

Subject

Senator Cortez Masto: CRA Comment letter Docket No. R-1869

Submitter Information

Organization Name: U.S. Senate

Organization Type: U.S. Senate

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Submitted Date: 09/15/2025

September 11, 2025

The Honorable Jerome Powell
Chair
Board of Governors of the Federal
Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable Jonathan Gould
Comptroller
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20551

The Honorable Travis Hill
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Chair Powell, Comptroller Gould and Acting Chair Hill:

I write regarding the Federal Reserve, Office of the Comptroller of the Currency (OCC), and Federal Deposit Insurance Corporation's (FDIC) detrimental request to withdraw the 2023 joint proposed Community Reinvestment Act (CRA) rule.¹ I strongly oppose discarding all the positive work regulators and stakeholders have done to improve the CRA. A one month timeline for feedback is insufficient for the public to comment on the harmful impacts of returning to the status quo. Instead of withdrawing the rule, your agencies should defend its clear legality in court. I urge you to retain and defend the 2023 CRA rule as proposed and work quickly to address litigation delays that prevent quality and affordable financial services from reaching all our communities.

I strongly supported the 2023 CRA update. I agree with Federal Reserve Chairman Powell's assessment that the modernized CRA "will better achieve the purposes of the law by encouraging banks to expand access to credit, investment and banking services in low- and moderate-income communities." He also noted the new rule was adapted to address "changes in the banking industry, such as mobile and online banking," in addition to "providing greater clarity and consistency in the application of the CRA regulations; and tailoring to bank size and type."²

I agree. The 2023 update was the first comprehensive CRA update since 1995 and was carefully designed by regulators after extensive collaboration with stakeholders to reflect our increasingly mobile banking ecosystem. In a world where we have fewer banks and fewer branches, banks are serving more customers from outside their regional footprint.

¹ 90 FR 34086

² "Statement on the Community Reinvestment Act Final Rule by Chair Jerome H. Powell," Board of Governors of the Federal Reserve System, October 24, 2023. <https://www.federalreserve.gov/newsevents/pressreleases/powell-statement-20231024.htm>

I supported the new rule's requirement that banks lend to lower-income communities in areas where they have a concentration of mortgage and small-business loans, rather than just where they have physical branches. The 2023 CRA rule also ensured that banks would receive consideration for all eligible community development activities conducted anywhere nationwide, including outside of the bank's branch network. Providing banks CRA credit for retail lending outside of a large or intermediate bank's assessment area would have improved access to capital and support for rural and tribal communities that are frequently and currently underbanked.

I believe the 2023 CRA update carefully tailored the rules appropriately to different-sized banks as there were no new data reporting requirements for small and intermediate banks while large banks would be rated on four tests: retail services and products, retail lending, community development financing and community development services. These variances should be maintained. In addition, the 2023 CRA rule correctly ensured regulators could downgrade a bank's performance if it engages in discriminatory or illegal credit practices.

Another major improvement in the rule your agencies propose to discard was preapproval for investments and activities. The regulators committed to publishing an illustrative list of community development activities that are eligible for CRA credit which had the potential to provide financing in areas that struggle to attract appropriate, affordable and adequate financial services. This preapproval and list of activities should be maintained.

Beyond the benefits of increased efficiency in a preapproved list, these qualifying activities included important investments in Native Land Areas such as financing revitalization or stabilization; funding essential community facilities and infrastructure such as water, health care facilities, community centers, bridges, dams, roads and schools; and investing in disaster preparedness and climate risk resiliency including wildfire and floods. Any future CRA rule should continue to incent and prioritize investments that benefit and serve residents of tribal lands in addition to small businesses, small farms and low-income households. It is a fallacy and irresponsible to believe these communities have access to all the financial services and investments they need today.

Furthermore, any future CRA rule should retain clear metrics for closed-end home mortgage loans, small business loans and small farm loans as these standards hold lenders accountable for meeting financing needs. For example, any future CRA rule should include the Community Development Finance Test which would establish a metric to calculate the ratio of dollars of a bank's community development loans and investments in an area relative to its deposits. If retained and implemented, this test would ensure investments in high-impact areas such as tribal lands and persistent-poverty counties. Additionally, investments in housing to increase the supply and affordability of homes – single family, multifamily, 5 to 50-unit apartments, shared equity/community land trust, accessory dwelling units, manufactured homes and other housing types – must also be maintained in a Community Development Finance Test.

Regarding the services tests, any future CRA rule should provide CRA credit for special purpose credit programs and affordable and accessible checking and savings accounts such as no overdraft accounts and BankOn products.

Any future rule should affirm that physical bank branches remain critical for access to services, particularly for low- and moderate-income consumers, small businesses, and farms. While many people bank without going to a branch, I know many people, especially low-income and rural residents, prefer accessing high-quality credit and deposit products at a branch. I support the agencies' emphasis on both the placement of branches and the responsiveness of offerings and hours at those branches and those priorities should be retained going forward.

Furthermore, I urge you to include consideration of banks' efforts to serve borrowers with limited English proficiency (LEP) within the services test. The Consumer Financial Protection Bureau reports that LEP individuals face barriers to accessing financial services.³ The FDIC has found that individuals who spoke only Spanish were five times as likely to be unbanked as English-speaking households.⁴ It is difficult to imagine a customer fully understanding the implications of a financial product or service if the terms of that product or service are communicated in a language they do not speak. To ensure all consumers have access to safe, affordable financial products they understand, it is imperative the regulators assess banks' offerings to adequately serve LEP customers using existing resources that have been developed by regulators.

In closing, I urge you to retain and defend the 2023 CRA rule as proposed and work quickly to address litigation delays, restore the 2023 CRA rule and provide quality and affordable financial services to all our communities.

Sincerely,



Catherine Cortez Masto
United States Senator

³ "Statement Regarding the Provision of Financial Services to Consumers with Limited English Proficiency," Consumer Financial Protection Bureau, 86 FR 6306, January 21, 2021, available at <https://www.federalregister.gov/documents/2021/01/21/2021-01116/statement-regarding-the-provision-of-financial-products-and-services-to-consumers-with-limited>

⁴ "2015 FDIC National Survey of Unbanked and Underbanked Households," Federal Deposit Insurance Corporation, October 20, 2016, available at <https://www.fdic.gov/householdsurvey/2015/2015report.pdf>