

**Transcript of Open Board Meeting  
September 21, 2020**

CHAIR POWELL. Thank you. Good morning. I'd like to welcome my Federal Reserve colleagues and our online viewers.

Today we will consider seeking public comment on a proposal to modernize the Community Reinvestment Act regulatory and supervisory framework. The advance notice of proposed rulemaking under consideration would seek to modernize the CRA by strengthening, clarifying and tailoring CRA regulations to ensure that they reflect the current banking landscape and better meet the core purpose of the CRA. The CRA plays a vital role in supporting economic opportunity in low-income and minority communities, in both rural and urban areas and is a top priority for the Federal Reserve.

Given changes in the banking industry since the CRA regulations were last substantially revised, the measure before us proposes ways to modernize CRA assessment areas while maintaining a focus on more traditional means to provide banking services, like branches, given their importance to individuals and communities. It also seeks to strengthen the CRA's role in financial inclusion by proposing special provisions for minority depository institutions, women-owned financial institutions, low-income credit unions and community development financial institutions. It also proposes to create incentives for bank investments in geographic areas of need outside of assessment areas, including in Indian Country.

A cornerstone of our proposal is a framework for incorporating standardized metrics into the examination process. These metrics are tailored to local market conditions, including demand and needs, and adjust to structural economic and business cycle changes. The ANPR also seeks comment on how to strike an appropriate balance between greater certainty in how banks are assessed and minimizing data collection and reporting burden.

Stakeholders have expressed strong support for the CRA and its goals and have called for the banking agencies to work together on a modernization plan. This proposal is an important step forward in laying a foundation for the agencies to build a shared, modernized CRA framework that has broad support.

I look forward to hearing the staff presentations and will now turn to my colleague, Governor Brainard. Thank you.

GOVERNOR BRAINARD. Thank you, Mr. Chair. I am delighted to be here today considering the Board's proposed advance notice of the proposed rulemaking on modernizing the Community Reinvestment Act.

The CRA is a seminal statute that remains as important as ever as the nation confronts challenges associated with racial equity and the COVID-19 pandemic. Stakeholders have expressed strong support for the agencies to work together, and the ANPR is intended to build a foundation for the banking agencies to converge on a consistent approach that has broad support.

Before turning to Eric, I want to thank the Chair for his strong support for the CRA modernization process and his consistent focus on reflecting the interest of the intended beneficiaries and the feedback from banks. In a thoughtful and balanced way, I want to thank Vice Chair Clarida, Quarles and Governor Bowman for their patient and thoughtful engagement on this process and their constructive suggestions which I hope are well-reflected. I also want to thank former Chair Janet Yellen for entrusting me with oversight of our community development work when I first arrived here. It truly has been a high point of my time at the Board to engage with local communities all over the country as well as our dedicated staff.

The proposal represents a very sustained, thoughtful, and balanced approach on the part of Federal Reserve staff of which we can all be proud. Every staff member who has contributed

to this project has been data driven, collegial, exceptionally attentive to input from the broad range of stakeholders and colleagues at other banking agencies and creative in tackling the complicated trade-offs that arise in trying to provide greater transparency and predictability while also retaining the CRA's signature responsiveness to local needs.

With that, let me handed over to Eric Belsky, who embodies all those qualities and has provided consistently exceptional leadership for this endeavor. Eric, you're muted.

ERIC BELSKY. That's classic. Thank you for pointing that out to me. Thank you, Governor Brainard. As you indicated, the draft Advanced Notice of Proposed Rulemaking before you today which we refer to as the ANPR seeks to better meet the CRA's core purpose to address inequities and credit access for low- and moderate-income communities and to ensure an inclusive banking industry.

The ANPR moves us in this direction in three ways. First, it strengthens the focus on low- and moderate-income retail lending, community development and retail and community development services by modernizing how CRA performance is evaluated and measured. Second, it updates our approach in light of changes to the banking industry over time, including mobile and Internet banking. And, third, it aims to advance financial inclusion by proposing incentives for further bank investments in minority depository institutions, community development financial institutions and community development activity in geographic areas of need outside of assessment areas including in Indian Country.

In developing the ANPR, the staff had three additional purposes in mind. Consistent with stakeholder feedback and the aims of all three banking agencies responsible for CRA, the ANPR centers on ways to provide greater clarity and consistency, as Chair Powell mentioned, about what counts for CRA consideration; how it's taken into account in assigning ratings; and where

activities will be assessed for CRA performance. In addition, our staff was also careful to tailor CRA evaluations for differences in bank sizes and business models. For example, the ANPR tailors for small and rural banks.

Finally, staff was mindful of the importance of minimizing data burden and tailoring data collection and reporting requirements based on bank size and business model. In developing the ANPR, staff conducted data analysis, data and analysis on a data set to inform several of the proposals as well as to provide context to the public for the options that are presented in the ANPR. In addition, have made that data set public.

A clear message from all our stakeholder outreach efforts is how central CRA is to the low- and moderate-income and underserved communities that it was intended to serve. Stakeholders have offered a lot of ideas on how to improve it and underscored the importance of getting CRA modernization right. That's been our aim in developing the ANPR that is under consideration today.

I will now turn the floor over to Suzanne Killian, who is the senior officer leading our CRA modernization efforts and I thank her for all her work to bring this ANPR forward today.

SUZANNE KILLIAN. Thank you, Eric. Let me start by saying that the effort to develop this ANPR involves staff from the Board and across the Federal Reserve System. It is my pleasure to introduce the staff who will be discussing the ANPR and taking questions and answers.

Anna Alvarez-Boyd is the senior officer who leads our division's Community Development Policy and Research branch. Joseph Firschein is the line officer over the CRA Policy Team here at the Board, and Carrie Johnson is the manager of the CRA Policy Team. They will discuss the test design and metrics.

Maria Villanueva is a Senior Examiner with the Federal Reserve Bank of San Francisco and will discuss the treatment of assessment areas in the ANPR.

Lisa Robinson is a Senior Supervisory Analyst at the Board, and she will discuss the treatment of qualifying activities in the ANPR.

Jessica Farr is a senior CRA subject matter expert at the Federal Reserve Bank of Atlanta, and she will discuss provisions of the ANPR intended to minimize data burden and the request comment on how best to balance this aim with others the proposal seeks to accomplish.

Dan Ringo from the Division of Research and Statistics is here to answer any questions you may have on the metrics proposals, and Amal Patel from the Board will answer any questions you may have on the statutory purposes of the CRA.

As you can see, it has been a Federal Reserve System-wide and cross-divisional effort. With that, I will turn to Anna who will start the discussion of the ANPR with some details on the stakeholder outreach we did that so fundamentally informed our approach. Anna.

ANNA ALVAREZ-BOYD. Thank you, Suzanne. The ideas in this ANPR are informed by stakeholders across a broad spectrum of views. As you know, the Federal Reserve System is uniquely positioned for extensive outreach through the community development programs across the 12 Reserve Banks and at the Board. In this instance, community development and supervision partnered together to reach across their networks to identify and understand the multitude of views that stakeholders have on CRA.

In 2018 and 2019, we conducted 30 roundtable sessions at the Board and across the country to get the benefit of external perspectives on how to reform and strengthen the CRA regulations. We heard from stakeholders in both rural and urban settings and from bankers and community development practitioners.

Working together, community development and supervision staff from across the Federal Reserve System convened the meetings that advised the proposals before you today. For example, staff at the Minneapolis Federal Reserve Center for Indian Country Development advised us on policy ideas to increase bank investment in Indian Country. Our outreach also included a partnership with the Federal Reserve Bank of Philadelphia and The University of Pennsylvania Wharton School. They hosted a research symposium on CRA data and metrics approaches.

Importantly, we also have the benefit of feedback on CRA reform from the Board's advisory councils, including the Community Advisory Council and councils made up of bank representatives. Our communication with these councils was rich. I was present for the Community Advisory Council discussions on key aspects of CRA reform. Council members offered the Board members perspectives on aspects of CRA that are working well, and they counseled us on the elements that need to be strengthened. These insights complemented what we heard from other external stakeholders throughout the process.

Finally, I want to credit the many ideas for CRA reform that emerged from the thoughtful conversations among the staff from the three banking agencies responsible for administering CRA. A number of the proposals that the staff will discuss today are based on our interagency discussions. Now let me turn it over to Joseph, and he can begin the staff discussion of the specific provisions of the ANPR here. Thank you.

JOSEPH FIRSCHEIN. Great. Thanks, Anna. In our discussion on CRA reform, we have divided our work on the ANPR into three broad topics: first, metrics and performance test design; second, assess scenarios; and, third, qualifying activities. As staff go through each of these topics, we will discuss the stakeholder feedback we received and how the ANPR seeks to

address this feedback to stay true to the CRA modernization objectives that Eric just talked about.

I'm going to start by discussing the metrics and performance test design at a high level and, then Carrie will describe each component in more detail. And then other members of our team will describe assessment areas, qualifying activities and how we sought to minimize data burden. The framework proposed in the ANPR divides CRA evaluations into two broad tests, for retail tests and a community development test.

Under the retail tests, there are two subtests: a retail lending subtest covering activities like mortgage lending and small business lending and a retail services subtest covering such things as where bank branches are located and the extent to which banks reach low- and moderate-income customers through financial products and services.

Similarly, under the community development test, there are two subtests: a community development financing subtest, for example, covering loans for affordable apartment buildings or loans to community development financial institutions; and a community development services subtest, for example, covering bank staff volunteer activities.

Having separate retail and community development tests responds to stakeholder feedback on the importance of both retail and community development activities, and we think this is also responsive to the core purposes of the statute. In addition, as Eric said, tailoring was front of mind in designing these proposals. Another advantage of splitting bank evaluations in these two broad tests, retail and community development, is that enables quite a bit of tailoring, which was a key aspect of the external stakeholder feedback.

We proposed to have all four subtests apply to large retail banks. They would be evaluated under the lending and services components of both the retail and the community

development tests. Further, small banks would be evaluated under the current evaluation process unless they decided to opt into the proposed framework. For small banks that do opt in, they would be evaluated only under the retail lending subtest and could decide to have community development or retail services activities considered as well. Wholesale and limited purpose banks would be evaluated under the two community development subtests, and any bank would continue to have the option of being evaluated under a strategic plan.

With that as a broad framework, I will now turn to Carrie who will provide more details on each of these four subtests. Carrie.

CARRIE JOHNSON. Thank you. Let me start with the retail lending test before turning to talk about the community development test.

As Joseph mentioned, the first part of the retail lending test is the retail lending subtest. The core part of this subtest is a pair of metrics evaluating complementary questions. The first question is how well is a bank lending to borrowers in low- and moderate-income communities? The second question is how well is a bank lending to low- and moderate-income individuals, small businesses and small farms?

These questions get at the heart of CRA's core purpose, and the ANPR proposes metrics to measure this performance in every bank assessment area. Banks that pass thresholds for these metrics would receive a presumption of satisfactory on the retail lending subtest in an assessment area. This is a key way the ANPR would provide greater certainty and clarity.

The ANPR provides a threshold approach that would be uniform across the country, but the result of that approach would be dynamic thresholds that vary across communities. As a result, thresholds would reflect different economic conditions and opportunities in different parts of the country. The ANPR suggests a potential level for these thresholds for public feedback.



This reflects extensive Board analysis using the data set that Eric referenced, and this same data is available on the Board's website.

Let me next turn to the retail services subtest and how the ANPR would evaluate the banking services of large retail banks. The ANPR proposes retaining the qualitative aspect of this evaluation while also including quantitative benchmarks to make this analysis more consistent and more transparent.

The first prong would evaluate how banks use branches as well as online and mobile banking platforms to serve low- and moderate-income individuals and communities. This responds to feedback from many stakeholders to retain a focus on the importance of branches while also responding to the way banking has changed with the rise of online banking.

The second prong would elevate the focus on the availability and impact of checking account and savings account products for low- and moderate-income communities. We believe this would provide greater consistency in bank evaluations while also promoting financial inclusion for low- and moderate-income communities.

Now, let me turn to the community development test; and I'll first talk about the financing subtest that would apply to large retail banks. The ANPR proposes combining the evaluation of a bank's community development loans and qualified investments and measuring that activity in dollars relative to a bank's deposits. The resulting metric would be used in each to evaluate a bank's community development financing performance. The ANPR seeks feedback on two options for using this metric. One would provide a presumption of satisfactory, similar to the retail lending subtest; and the other would serve as a starting point for an examiner's review that would also focus on the responsiveness and impact of a bank's community development activity.

On the community development services subtest, the ANPR provides a framework for giving banks CRA credit for volunteer activities or Board service in a way that is more transparent while still allowing examiners to reflect the unique circumstances in each assessment area. Like retail services, this evaluation would remain qualitative but with the use of more standardized data.

Overall, we think that these four subtests would promote financial inclusion and a comprehensive yet transparent approach to evaluating how banks serve low- and moderate-income communities.

Let me now turn to Maria Villanueva to discuss ANPR proposals on assessment areas.

MARIA VILLANUEVA. Thank you, Carrie. On assessment areas, we heard from external stakeholders that branches continue to be important, and the Federal Reserve research and outreach also supports this conclusion. At the same time, many stakeholders urged the regulators to update the regulations to better adapt to bank online models for delivering loans and providing financial services.

As a result, the ANPR continues to focus on facility-based assessment areas and also provides an opportunity to address business models that are not branch-based. In addition, the ANPR reaffirms the requirement that assessment area boundaries do not reflect illegal discrimination and do not arbitrarily exclude low- and moderate-income census tracts.

For facility-based assessment areas, the ANPR provides small banks with greater flexibility to designate small assessment areas that are not a full county. The ANPR proposes providing greater clarity when small banks would not be required to expand beyond partial counties, such as where it does not have a physical presence and engages in a de minimis amount of lending. The ANPR also seeks feedback on deposit-based assessment areas and lending-based

assessment areas, and it also explores including a nationwide assessment area approach for certain banks that have significant online activity.

The ANPR also clarifies for community development activity outside of assessment areas count for CRA purposes, since this has also been a source of feedback on the current regulation. This is also responsive to stakeholder feedback we heard on the need to address so-called credit hot spots and deserts.

With that, let me turn it over to Lisa Robinson, who will discuss key qualifying activities provisions in the ANPR.

LISA ROBINSON. Thanks -- excuse me. Thanks, Maria. In the area of CRA qualifying activities, we heard stakeholder feedback that in some cases there is a lack of clarity on what activities are eligible for CRA credit. For example, there is confusion as to whether a bank will get CRA credit for a loan to an apartment building that is affordable but that does not have federal or state subsidy attached to it. To address this feedback, the ANPR proposes ways to increase certainty on what counts by defining terms in the regulation that have been a source of confusion. We also propose broadening some current activities while staying true to the core purpose of the statute of addressing inequities in credit access for LMI communities.

As Eric mentioned, the ANPR seeks to advance financial inclusion by proposing incentives for further bank investments in minority depository institutions, community development financial institutions and community development activity in geographic areas of need outside of assessment areas including Indian Country. It also seeks to provide broader eligibility for certain bank volunteer activities in rural areas, for example, serving on a board of a civic organization or helping to build affordable housing. This is responsive to stakeholder

feedback indicating that bank participation in rural areas of this kind make a difference in supporting local communities.

The ANPR also seeks feedback on designating certain community development activities as being responsive to community needs or particularly impacted including affordable housing for very low income households or economic development activity for the smallest businesses, the smallest firms and minority-owned small businesses.

Finally, there was also positive stakeholder feedback on the OCC proposal to offer a pre-approval process for banks to get an advanced read on whether a particular activity would count as well as to provide an illustrative list of qualifying activities. As a result, the ANPR seeks feedback on how best to implement these approaches.

And, with that, I will now turn it over to Jessica, who will discuss our final segment of how the ANPR minimizes data collection and reporting burden. Jessica.

JESSICA FARR. Thank you, Lisa. With respect to minimizing data collection and reporting burden, the ANPR recognizes the potential trade-off between additional data collection and reporting requirements on the one hand and the greater use of metrics to attain certainty on the other. It seeks feedback on the best way to balance these important objectives. The proposed metrics would rely to the greatest extent possible on existing data. Small banks would be exempt from deposit data collection requirements, and the data used for the lending analysis would be the same as is used for current examinations. Existing data sources would also be used when possible for large banks. New data collection and reporting on community development financing activities would be required in order to evaluate community development financing in a transparent and consistent manner.

The ANPR also seeks feedback on deposit data options for large banks and, in particular, for large banks with extensive deposit activity outside of their physical branches. Specifically, the Board is evaluating the use of FDIC Summary of Deposits data versus new data collection and reporting.

With that, I'll hand it back to Carrie.

CARRIE JOHNSON. Thanks, Jessica. One final point on the ANPR is that it includes a detailed proposal for taking all of the components discussed this morning and translating that into a bank's overall rating for its CRA performance. With that final comment, that concludes our staff presentation on the ANPR to modernize the CRA regulations.

Chair Powell, I will now turn it back to you; and staff would be happy to answer any questions.

CHAIR POWELL. Thank you, Carrie, Maria, Lisa and Jessica for your excellent presentations. Now is a time for questions by Board members, and we'll begin with Vice Chair Clarida, please.

VICE CHAIR CLARIDA. Thank you, Chair Powell. And let me second Chair Powell and Governor Brainard for my admiration for the incredible work done by the staff on this project. I think I had my first briefing on CRA as a nominee, and it's really remarkable what has gone into this.

But just one quick question to lead off: The proposals in the ANPR were informed by existing data and analysis. What did you take away from the analysis, and why was it so important to developing the proposals in the ANPR?

CARRIE JOHNSON. Dan, do you want to take that?

DAN RINGO. Yes. Thank you. The ANPR is based on data analysis to minimize the risk of unintended consequences and to increase clarity as to how it would affect a broad range of banks and communities. To this end, our research staff created and used a database that included data from a sample of approximately 6,300 performance evaluations ranging from 2004 to 2017, with the sampling designed to capture the range of bank sizes, geographies, regulatory entities, performance years and performance ratings. We used this database to analyze how to set retail lending benchmarks that are grounded in local data and that provide a consistent and transparent way of translating a bank's performance into conclusions. We also analyzed how to use data to evaluate community development financing, and the ANPR discusses a metric-based approach for this purpose that we believe will provide banks with greater certainty and will encourage a greater degree of responsiveness to the credit needs of our communities.

CHAIR POWELL. Thanks. I should note that after the question session, we'll go back around for people's statement of their views on the proposal itself. And, with that, Vice Chair Quarles, please, for questions.

VICE CHAIR FOR SUPERVISION QUARLES. Thanks, Chair. Yeah. I guess my -- a significant question I'd have is, you know, I've been concerned for a while about small businesses, small farms, their access to credit. Obviously, that's been exacerbated in the current - in the current COVID event. What does the ANPR do to address that issue?

CARRIE JOHNSON. Lisa, can you cover that question, please?

LISA ROBINSON. Yes. And that is a great question given the climate that we're in. The ANPR includes several proposals to encourage activities most supportive of small businesses and small farms, and I'll just mention three of them. For example, as Dan mentioned and was talked - discussed by Carrie, the proposed retail lending metrics focuses on the number of loans to small

businesses rather than the dollar amount of loans, which means that banks do not get more credit for focusing on larger loans to larger businesses or larger farms.

We are also looking at ways of revising the type of activities that qualify under economic development definition and considering whether there should be additional flexibility in the criteria for activities that support the smallest businesses and farms. And, finally, we're seeking feedback on additional steps we can take to encourage financing of the smallest businesses, smallest farms and minority-owned small businesses and also looking at ways in which that definition may be altered and -- so that we can look at working capital financing or start-up cost financing. And I'll turn it back to you, Carrie.

CARRIE JOHNSON. Any other questions?

CHAIR POWELL. Thank you. Governor Brainard, please.

GOVERNOR BRAINARD. No. No further questions for me. Thank you, Mr. Chair.

CHAIR POWELL. Thank you. Governor Bowman, please.

GOVERNOR BOWMAN. Thank you, Chair Powell. I noted in a number of places that you focused on rural activities for smaller banks and CRA activities in those areas. How do you see the way that you address this in the proposal, working together to incentivize and to count better those activities?

CARRIE JOHNSON. Jessica, could you cover that, please. Jessica, you need to turn your mic on.

JESSICA FARR. Sorry. Yes, Governor Bowman. We received significant feedback on the point of rural communities, both from banks and community groups; and we made a conscious effort to encourage bank activities in rural areas and to recognize the unique needs and opportunities in these areas.

First, as Lisa mentioned briefly in her remarks, we are considering including a wider range of service activities to address the particular needs of rural areas, such as volunteering to build affordable housing and serving on the board of an impactful civic or non-profit organization. Rural areas often have less community development capacity and opportunity, so we think it's important for banks to give back to their local communities in different ways.

Second, the ANPR proposes to designate geographic areas of need where banks could conduct activities outside of assessment areas. The Board believes this could help encourage more activities in CRA deserts and increase community development lending and investment in areas where it is needed most.

Finally, the proposal includes several options to ensure that all assessment areas including smaller rural assessment areas are factored into a bank's overall ratings.

CHAIR POWELL. Thank you. Seeing I think no further questions -- thank you, Jessica. Seeing no further questions, we'll now proceed to stating our positions on the proposal; and I'll turn first to Vice Chair Clarida for that.

VICE CHAIR CLARIDA. Thank you, Chair Powell. Enacted in 1977, the Community Reinvestment Act is an important law that encourages financial institutions to meet the credit needs of the communities they serve, importantly, low- and moderate-income neighborhoods. But banking has changed in significant ways since then, and I am pleased to see that the Federal Reserve is moving to update and modernize this important regulation. The proposal before us seeks to strengthen the CRA while also providing greater certainty and tailored regulations for financial institutions that are subject to it.

I believe that the CRA ANPR is thoughtful proposal that draws on significant stakeholder feedback from bankers, community groups, civil rights organizations, and academics. The



regulation is complex, and the ANPR appropriately poses a number of questions to seek additional feedback on how it might be improved; and I certainly look forward to reviewing the public comments that we do receive. In sum, this proposal is a solid step to update the regulation to better reflect today's banking landscape while continuing to meet the core functions and purpose of the CRA, and I fully support this ANPR. Thank you, Chair Powell.

CHAIR POWELL. Thank you, Vice Chair for Supervision Quarles, please.

VICE CHAIR FOR SUPERVISION QUARLES. Thank you, Chair Powell. I, too, want to thank our staff for the thorough and thoughtful work on this important project. I want to particularly acknowledge the work that Governor Brainard has done to lead this effort. I'm happy to have this matter come before the Board for a vote today, and I'm pleased to support the issuance of the ANPR in order to advance the goal of modernizing the CRA.

The ANPR seeks feedback on several approaches that are designed to make the rules clearer, more transparent, less subjective. For example, the metrics would provide more clarity and transparency on how bank ratings are determined. In talking with stakeholders, the Fed staff and I heard feedback on the need for clearer standards and updates to the definitions of assessment areas to better reflect the practices of modern banking; and the ANPR offers ideas to provide greater clarity on those issues.

I think it's important to stress as Anna Boyd did in her remarks that the Federal Reserve has been working jointly with the OCC and with the FDIC on CRA modernization and that there's a shared view among all of the regulatory agencies, among community groups, among banks, among everyone who's affected by this regulation that it can be improved and that the implementation of the statutory requirement is not as well-served as it could be by existing practice. It's important to have consistency across the three banking agencies responsible for

implementing the CRA regulations. All three regulators have benefited from the stakeholder comments provided through comment letters, roundtables, and meetings. There's significant interagency agreement on the objectives of CRA reform. And, again, as Anna noted, many of the ideas in the ANPR reflect interagency discussions and regulatory proposals. I'm hopeful that issuance of this ANPR will be an important step toward achieving consistency across the three banking agencies.

The ANPR is inviting comment on a variety of fronts ranging from narrow to broad. I encourage views from all sides to weigh in on how the proposal can be improved. In particular, I look forward to reviewing comments about whether the approach contemplated in the ANPR strikes the appropriate balance between achieving greater certainty in how banks are assessed while minimizing burden and data collection. Thank you, Chair.

CHAIR POWELL. Thank you. Governor Brainard, please.

GOVERNOR BRAINARD. Thank you, Chair Powell. Again, I want to thank my colleagues both at the Board, across the agencies, as well as the stakeholders who have given us really rich feedback and, of course, the staff that have done this work.

I think the ANPR will advance the CRA's core purpose of addressing inequities in credit access and ensuring an inclusive financial services industry, which I believe is as important as ever as the nation confronts challenges associated with racial equity and the COVID-19 pandemic. It's been 25 years since the last significant revision to the CRA regulation, so it's important to get reform right.

By providing a 120-day period for public comment, I hope that feedback on the ANPR will create a foundation for the banking agencies to converge on a consistent approach that has broad support among stakeholders. And I look forward to reviewing that feedback. The ANPR

will strengthen, clarify, and tailor the CRA regulation to better meet the law's core purpose; and, for that reason, I'm pleased to support it. Thank you.

CHAIR POWELL. Thank you. Governor Bowman, please.

GOVERNOR BOWMAN. Thank you, Chair Powell. I'd also like to commend the staff for their work in preparing this Advanced Notice of Proposed Rulemaking. I'd also like to thank Governor Brainard for her leadership on this important effort and her work with the other agencies in this process.

In my view, the proposal we're considering today offers the foundation to develop performance standards that could provide greater transparency and consistency as banks plan and execute their CRA initiatives. I'm encouraged that the ANPR offers ideas and seeks feedback on different ways to advance these objectives.

For community banks, I also appreciate efforts to develop clearer standards and boundaries in defining assessment areas, especially for small banks operating in a small portion of a large county or only making a few loans in a limited area of a county. I also look forward to public comments on how best to capture activities in rural areas. This is an important focus since CRA investments in rural areas can significantly strengthen support for community and economic development.

Overall, I would like to see a consistent simplified approach for all banks that is flexible enough to take into account the unique aspects of the community bank business model.

I remain hopeful that any final rule would reflect a shared consensus across the three banking agencies responsible for implementing CRA regulations. I continue to believe that the industry would be best served by an interagency approach which would provide a consistent regulatory framework for banks of all sizes.

I look forward to the comments from all of our stakeholders with an interest in fulfilling the goals of this important law, and I'm pleased to express my support for this proposal.

CHAIR POWELL. Thank you. And I, too, am delighted to express my support for publication of this ANPR, and I'd like to thank Governor Brainard for her leadership and staff for a truly extraordinary amount of work on this over a long time. It's very nice to see it come to an early state of fruition today, and I think we've learned -- we've heard and learned a great deal from our conversations with all stakeholder groups, as well as with our fellow banking agencies as many of you have reflected. I'm very much looking forward to reading and digesting the comments and ultimately to moving the agencies, all of us, closer to a common platform for CRA. So thank you for your great work on this.

We will now proceed to vote on the proposal. I need a motion to approve an Advance Notice of Proposed Rulemaking seeking comment on an approach to modernizing the CRA regulatory and supervisory framework by strengthening, clarifying and tailoring regulations to ensure they reflect the current banking landscape and better meet the core purposes of the CRA and staff to make any minor or non-substantive changes to prepare the documents for publication in the Federal Register.

VICE CHAIR CLARIDA. So moved. I need a second.

VICE CHAIR FOR SUPERVISION QUARLES. Second.

CHAIR POWELL. I will now ask each board member for your vote. Vice Chair Clarida?

VICE CHAIR CLARIDA. Yes.

CHAIR POWELL. Vice Chair for Supervision Quarles.

VICE CHAIR FOR SUPERVISION QUARLES. Yes.

CHAIR POWELL. Governor Brainard.

GOVERNOR BRAINARD. Yes.

CHAIR POWELL. Governor Bowman.

GOVERNOR BOWMAN. Yes.

CHAIR POWELL. And I, too, vote yes. The motion has carried and the proposal is approved.

Once again, that concludes our business here. I want to thank staff for this, for the hard work. Very much looking forward to seeing the comments, and we do encourage as a number of my colleagues have all stakeholders to share your perspectives during the 120-day comment period. And again, thank you very much to all.

Meeting is now adjourned.