

October 13, 2026

Travis Hill, Chair
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Jonathan V. Gould, Comptroller
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

RE: Comments in Opposition to Notice of Proposed Rulemaking on Community Reinvestment Act Regulations [OCC Docket ID OCC-2026-0694; RIN 1557-AF57] [FDIC RIN 3064-AG31]

Dear Chair Hill and Comptroller Gould,

On behalf of The Greenlining Institute (“Greenlining”), we submit this comment letter in opposition to the Proposed Rulemaking (“Proposed Rule”) issued by the Office of the Comptroller of the Currency (“OCC”) and the Federal Deposit Insurance Corporation (“FDIC”) (collectively “the agencies”) to amend regulations implementing the Community Reinvestment Act (“CRA”). **We urge the agencies to withdraw the Proposed Rule and return to the established 1995 CRA regulatory framework.**

Founded in 1993, [Greenlining](http://www.greenlining.org) is a policy, research, advocacy, and capacity-building organization working to reverse the legacies of discriminatory redlining and advance economic opportunity and racial equity. We work to ensure that historically underinvested communities, particularly communities of color, have access to the capital, financial services, housing, and economic opportunities necessary to build wealth and thrive. Our work includes advancing policies that hold financial institutions accountable for the communities they serve and ensure that public and private investment reaches communities that have experienced generations of disinvestment.

The CRA is based on an important principle: banks must meet the credit needs of the communities where they do business, including low- and moderate-income (“LMI”) communities. Congress enacted the CRA in 1977 because banks systematically denied services and investment to Black communities and other communities of color through redlining. Nearly 50 years later, the harms of redlining have persisted and evolved. Racial disparities in lending,

homeownership, business capital, and wealth continue to shape which communities have the opportunity to build wealth and stability, and which do not.

Today, the changes in the Proposed Rule would drastically reduce the number of banks subject to CRA scrutiny, narrow bank examinations, reduce transparency, greatly erode access to capital, and undermine support for community organizations. The CRA exists because the financial system did not serve communities fairly on its own. Community reinvestment is necessary accountability grounded in documented history and ongoing disparities. **It is not a political favor, a handout, or an unjustified burden on banks.**

Further, the agencies have not demonstrated that the proposal would preserve the volume and quality of lending, investment, and services reaching LMI communities, communities of color, small businesses, affordable housing, and community development organizations. This sweeping rollback of long-standing protections should not proceed without a clear assessment of its potential consequences and evidence that the changes would deliver meaningful benefits.

Finally, the comment period has been insufficient to support the meaningful participation of potentially affected stakeholders. The Proposed Rule makes substantial changes across bank classifications, community development activities, retail banking services, grants, and data reporting. Community organizations and smaller nonprofits, probably the stakeholders most affected by the proposed changes, are unlikely to have the resources to analyze and meaningfully comment on a 400-page Proposed Rule within such a compressed timeline. Additional time would have allowed these organizations to better assess the potential impacts of the Proposed Rule and share the experiences of the communities they serve.

For these reasons, Greenlining urges the OCC and FDIC to withdraw the Proposed Rule and return to the 1995 CRA regulatory framework. The agencies should not finalize changes that risk decreasing bank lending, investment, and services in LMI communities. Any future modernization effort should strengthen the CRA's core purpose, preserve meaningful accountability, and ensure that banks serve the communities where they do business.

Raising Asset Thresholds, Reducing Community Reinvestment

The proposed changes to asset thresholds, which determine how banks are classified under the CRA and the regulatory requirements they must meet, would subject hundreds of banks to less rigorous oversight, undermining community reinvestment in LMI communities and communities of color, and weakening the CRA's core mission of meeting the capital needs of communities historically subjected to redlining and disinvestment.

The Proposed Rule raises the small bank threshold from \$412 million to \$1 billion, creates an intermediate category for banks between \$1 billion and \$10 billion, and raises the large bank threshold to above \$10 billion. **These changes are not simple adjustments, but represent a wholesale retreat from the CRA's founding promise.**

Under the current framework, large banks are evaluated under three separate tests: a Lending Test, an Investment Test, and a Service Test. The Investment and Service Tests create an incentive to drive financing into affordable housing, small business lending, Community Development Financial Institutions (CDFIs), and bolster branch presence in LMI communities. Further, currently classified intermediate small banks are evaluated under both a Lending Test and Community Development test, and small banks evaluated using only a Lending Test.

This Proposed Rule would reclassify approximately [376 banks from large to intermediate](#), remove separate Investment and Service Tests, and collapse their community development obligations into a single, weaker review. It would also reclassify over [750 banks as small banks](#), eliminating their Community Development Test entirely. The agencies acknowledge, by their own estimate in the Proposed Rule, that approximately 79.8% of banks subject to the CRA would be classified as small under the proposal, leaving more than three quarters of covered banks without any kind of Community Development Test, **with only the largest 2.4% of banks remaining subject to the full framework.**

According to [preliminary analysis from our partners at the National Community Reinvestment Coalition \("NCRC"\)](#) regarding Greenlining's home state of California, 70 California banks would see their reinvestment obligations reduced. 25 banks, 18.9% of the 132 California banks currently subject to community development obligations, would see those responsibilities removed entirely. Another 45 banks, 50.6% of the state's 89 large banks, would lose their large bank designation and no longer be subject to the separate Investment Test, which we know has been a significant driver of investment into Low-Income Housing Tax Credits (LIHTCs) and CDFI equity financing in the state. The changes would also jeopardize separate evaluations of 245 branches in LMI communities (16.8% of 1,456) and 497 branches in communities of color (14.9% of 3,332), and would eliminate 9.9% of California's CRA small business lending data. On the ground, these regulatory requirements spur access to safe deposit accounts, small business lending relationships, and financial services in communities.

The Proposed Rule would further weaken bank accountability by eliminating the current requirement that intermediate small banks pass both the Lending and Community Development Tests to receive a "Satisfactory" CRA rating. Under the Proposed Rule, an intermediate bank could receive a passing "Satisfactory" grade based on the Lending Test alone, regardless of its community development performance. This would further diminish incentives to support

community development activities which allow for investments with longer time horizons, more flexible financing, or different risk and return profiles than conventional lending.

In considering the necessity for these proposed changes, the agencies have failed to provide a sufficiently detailed analysis of how these changes to asset thresholds could affect community development financing, bank branch availability, small business lending, or the geographic distribution of these impacts. NCRC estimates that [more than \\$500 million](#) in community development loans and investments annually could be jeopardized by the proposed changes to bank classifications, illustrating the potential scale of the loss. These effects would be especially severe in LMI neighborhoods, communities of color, and other communities already facing limited access to credit and investment.

The racial wealth gap and the racial homeownership gap were built through redlining, and the CRA was this country's response to systemic discrimination. **The asset threshold changes outlined in the Proposed Rule would reverse decades of progress by signaling to hundreds of banks that they can do significantly less community development lending and investment and still pass their CRA examinations.** When banks are no longer held accountable for serving LMI communities and communities of color, they will not do so voluntarily: history and [current lending data](#) make that clear. For Black, Latino, Asian, immigrant, and LMI communities, this proposal is a direct attack on the capital flows that make community stabilization and wealth-building possible.

Definition Changes

The proposed changes to the definitions of “retail banking services” and “community development” would narrow what is examined (by excluding deposit products and limiting grants) while loosening what counts for credit (by dropping the LMI purpose test for economic development and broadening infrastructure eligibility), reducing banks’ incentives to support the community projects and services that LMI communities most need.

Retail Banking Services

Access to safe, affordable deposit accounts, accessible banking services, and physical branches is essential to meeting the credit needs of LMI communities and communities of color. [Congress recognized this as part of passing the CRA](#), writing in the statute that banks must demonstrate that their deposit facilities serve the convenience and needs of the communities where they are chartered, and that those needs include deposit services as well as credit. The Proposed Rule, as written, would undercut that principle through changes to both how banks are classified and what the Service Test covers.

First, raising the large bank threshold to \$10 billion would exempt hundreds of banks from a separate Service Test, meaning their branch networks and retail banking services would no longer be separately evaluated. Second, narrowing the Service Test to credit services would exclude deposit products from review, even for banks that remain large.

These definitions matter because they determine which banks are examined on what. Combined with the proposed provision that an intermediate bank needs only a satisfactory lending rating to earn an overall “Satisfactory” CRA grade, a bank could pass its CRA examination without any separate evaluation of deposit access or branch presence. That would likely weaken incentives to maintain physical branches in LMI communities and communities of color, [which already have limited branch access and where closures create banking deserts and deepen financial exclusion](#). The FDIC and OCC should preserve meaningful evaluation of retail banking services rather than allowing lending performance alone to determine whether banks are adequately serving their communities.

Community Development

The Proposed Rule retains the four broad categories of community development (affordable housing, community services, economic development, and revitalization or stabilization) but substantially revises their definitions. It renames community services as “civic assistance,” shifts economic development toward business-size-based criteria, expands revitalization and stabilization activities, and codifies lists of qualifying and nonqualifying activities. It also narrows eligibility for community development grants to funds used to directly support initiatives whose primary purpose is community development.

While the agencies frame these changes as providing clarity, the existing CRA framework's flexibility allows banks to respond to the diverse and interconnected needs of underserved communities through patient capital, flexible financing, and locally tailored investments. The central measure of community development should be whether an activity delivers meaningful benefits to LMI communities and responds to community-identified needs, not simply whether it fits a prescribed category. Narrower criteria risk excluding valuable community-driven investments, while broader definitions could reward activities with limited community benefit.

For example, [NCRC notes that eliminating the “purpose” test under the economic development category could allow banks to receive CRA credit for financing businesses in affluent areas without demonstrating job creation or other benefits for LMI communities](#). Similarly, expanded infrastructure eligibility under the revitalization or stabilization category could allow projects such as data centers to qualify based on their location or connection to an LMI area, even when they generate few permanent jobs or meaningful benefits for residents.

Greenlining urges the agencies to preserve flexibility while ensuring that CRA credit reflects tangible benefits to underserved communities, meaningful community engagement, and responsiveness to locally identified needs, rather than technical eligibility alone.

Risks to Affordable Housing and Community Development Investments

Several aspects of the Proposed Rule would weaken incentives for banks to provide the investments, grants, and flexible capital that historically underserved communities depend on. By raising asset thresholds, eliminating separate Investment Tests for hundreds of banks, changing how investments are evaluated, and restricting qualifying grants, **the Proposed Rule as written would shift CRA incentives away from the full range of financing tools needed for successful community development.** This risks reinforcing the same barriers to capital that the CRA was enacted to address.

Affordable Housing

The Proposed Rule would weaken critical incentives for affordable housing investment, particularly through the LIHTC program. Banks account for approximately [80% of LIHTC equity](#), reflecting the importance of CRA incentives in driving private capital towards affordable housing development.

Raising the large bank threshold to \$10 billion would eliminate the separate Investment Test for hundreds of banks, reducing incentives to make equity investments in affordable housing and allowing banks to satisfy CRA requirements primarily through lending. This will likely shrink a critical source of financing for affordable housing projects, making developments more difficult to finance and potentially delaying or preventing new housing construction. The Proposed Rule also could expand CRA eligibility to certain middle-income housing in high-cost areas without requiring evidence that LMI households benefit, potentially redirecting limited investment capital away from housing serving the lowest-income households.

Together, [these changes are highly likely to reduce LIHTC investment](#), delay affordable housing development, and weaken incentives to serve LMI households. Greenlining urges the agencies to preserve Investment Tests, protect incentives for LIHTC equity and flexible financing, and ensure CRA-eligible housing meaningfully benefits LMI communities.

Community Development Financial Institutions (CDFIs)

CDFIs are essential partners in ensuring historically disinvested communities have access to capital by channeling bank dollars into communities and projects that conventional lending has long overlooked. They provide flexible financing, technical assistance, and relationship-based

lending to support small businesses, affordable housing, and community development. CDFIs also bring deep community relationships and local expertise that help ensure capital reaches underserved borrowers and responds to community-identified needs. Bank funding is critical to their work, with [traditional banks providing nearly \\$6.2 billion to CDFI members of the Opportunity Finance Network, representing approximately 46% of their total borrowed funds.](#)

The Proposed Rule would weaken incentives for banks to support CDFIs. Reclassifying banks based on higher asset thresholds would exempt hundreds of banks from Investment Tests, allowing them to rely more heavily on lending instead of investing in CDFIs. Restrictions on nonprofit grants, including a 15% cap on administrative costs, could also reduce funding for CDFI operations, technical assistance, and capacity building.

CDFIs need more than loans to reach underserved communities. Grants, equity investments, and flexible funding allow them to serve borrowers who struggle to access traditional financing, develop new loan products, and provide hands-on technical assistance. Weakening these incentives could reduce the capital and services available to communities that need them most.

Greenlining urges the agencies to preserve strong CRA incentives for bank lending, investments, grants, and capacity-building support for CDFIs, while encouraging long-term partnerships between banks and CDFIs that prioritize flexible capital and meaningful benefits for underserved communities.

Small Businesses and Local Economic Development

Small businesses in formerly redlined and disinvested communities continue to face barriers to affordable capital. CDFIs and community organizations help address these barriers by providing flexible financing, technical assistance, and support to connect underserved entrepreneurs with capital.

The Proposed Rule would weaken the incentives and accountability that direct capital to small businesses in three ways. First, banks reclassified from large to intermediate would no longer have to collect and report certain small business loan data. [NCRC estimates this would eliminate about 11% of CRA small business lending data nationwide, and 9.9% in California.](#) Without this data, regulators, researchers, and communities cannot see whether banks are reaching small businesses in LMI neighborhoods.

Second, the Proposed Rule would limit large banks to a lending evaluation of their “major product lines.” The current framework generally evaluates home mortgage, small business, and small farm lending, whether or not each is a major part of the bank’s business. **A large bank whose small business lending is not a major product line could therefore see that portfolio go entirely unexamined.**

Third, the Proposed Rule would [eliminate the “purpose test,”](#) which requires banks to show that financing creates, preserves, or improves jobs for LMI people or in LMI areas before earning community development credit. Banks could then receive CRA credit for financing small businesses without showing any link to the communities CRA is meant to serve.

These changes compound the risks this Proposed Rule creates for banks to invest capital in CDFIs, as described above. CDFIs are critical capital partners for small businesses, particularly small businesses of color and those in LMI communities. These changes are likely to make it harder for underserved small businesses to access capital, at a time when capital is especially costly. Greenlining urges the agencies to preserve CRA incentives for small business lending, including bolstering CDFI investments, maintaining small business loan data reporting, and keeping a “purpose test” tied to benefit for LMI people and communities, to ensure capital reaches businesses in historically underserved communities.

Grants to Nonprofits

The Proposed Rule would restrict how community development grants can be allocated by requiring funds to be directly used for a specific program, project, or initiative and limiting indirect and administrative costs to 15% for large bank grants. These changes would discourage banks from providing flexible operating support and capacity building grants to community organizations, particularly those serving historically redlined and underserved communities. The agencies themselves [acknowledge that the proposal could reduce CRA incentives for general operating support and disadvantage organizations with higher operating-cost ratios.](#) The National Housing Conference [warned](#) that it would likely reduce funding for CDFIs, affordable housing organizations, homeownership counselors, and fair housing groups.

Community organizations are essential partners in community reinvestment. They identify local needs, build trusted relationships, provide financial counseling and technical assistance, and help move affordable housing, small business, and community development projects forward. [As Greenlining's work with community partners demonstrates, capacity building and predevelopment funding are often necessary before projects can even reach a bank's lending pipeline.](#) Grants support the staffing, technical expertise, partnerships, and organizational infrastructure needed to turn community priorities into viable investments.

The Proposed Rule fails to recognize reality. Operating expenses such as staffing, rent, technology, and administrative support are essential to delivering community benefits, not separate from them. An analysis from the [MacArthur Foundation cites that more than 130,000 nonprofits found that the minimum indirect cost rate associated with financially healthy organizations was 29%,](#) nearly double the proposed 15% cap. A cap set below the rate at which healthy nonprofits actually operate would exclude many financially sound organizations from

receiving CRA-eligible grants. Additionally, large banks would need to [obtain and document each recipient's indirect cost figure](#), a burden likely to push them toward larger, better-resourced partners. Requirements such as these in the Proposed Rule are likely to have the effect of steering bank funding away from smaller, community-anchored organizations that lack the administrative capacity to meet additional documentation requirements, even when they are best positioned to serve local needs.

Greenlining urges the OCC and FDIC to reject the proposed direct-use requirement and 15% cap on indirect and administrative costs. CRA-eligible grants should continue to support general operations, capacity building, and community engagement, not just narrowly defined projects. The CRA should encourage banks to strengthen the community organizations that make meaningful reinvestment possible, rather than create new barriers to supporting them.

Disaster Recovery and Resilience

Disaster recovery is an essential community development need, particularly in historically redlined and underserved communities. These communities are [disproportionately located in high-risk areas](#) because of decades of discrimination and disinvestment, and they often have [little credit or wealth to fall back on in an emergency](#). [Lower-income families face the highest rates of displacement from disasters and are less likely to return home](#), and [Black-owned small businesses stay closed longer and struggle to obtain relief](#). As financial institutions increasingly factor climate risk into their business strategies, formerly redlined communities risk becoming collateral damage and to experience “[bluelining](#),” an emerging practice in which prices rise and services are withdrawn from places perceived to have high environmental risk.

Recovery requires more than rebuilding. Households need financing to repair homes and avoid foreclosure, while small businesses need emergency capital to survive prolonged disruptions. When financing pulls back, [homeownership can decline, property values can fall, and disinvestment can accelerate](#), turning temporary disasters into permanent losses.

The Proposed Rule keeps disaster-area activities within revitalization and stabilization, which is helpful. But eligibility alone does not move capital to where it is needed most, and the asset threshold changes once again weaken incentives, with 376 large banks losing their separate Investment Test, and about 800 more banks losing their Community Development test, while the above-mentioned [grant restrictions](#) would squeeze the flexible funding local partners rely on to handle recovery. The agencies also state that recovery in designated disaster areas benefits the entire community, so credit would not be tied to benefit for LMI households. These changes are likely to discourage the flexible financing and partnerships effective recovery requires, particularly in communities already facing barriers to capital.

Greenlining urges the agencies to preserve CRA consideration for disaster recovery and related community development activities that benefit LMI communities, specifically by retaining Investment Tests and CRA credit for flexible grants to local organizations. The CRA should help ensure communities have access to capital before and after disasters, rather than allowing disasters to deepen historic patterns of disinvestment.

Importance of Interagency Coordination

The CRA is implemented by three federal banking agencies: the OCC, the FDIC, and the Federal Reserve Board (“Federal Reserve”). Historically, these agencies have coordinated their CRA regulations through joint rulemakings to ensure consistent standards across the banking system. [The 1995 CRA rules were issued as a joint final rule by the OCC, FDIC, Federal Reserve, and the Office of Thrift Supervision.](#) The 2023 CRA Final Rule was likewise issued jointly by the OCC, FDIC, and Federal Reserve, though it was subsequently enjoined by a federal court before taking effect.

The CRA's effectiveness depends on consistent, predictable standards for evaluating whether banks meet the credit needs of the communities where they do business. When the OCC attempted to revise CRA rules unilaterally in 2020, the result was a rule that was rescinded within two years and replaced with a [return to the interagency framework](#). That episode demonstrates the instability that follows when agencies do not act collectively on CRA.

The Federal Reserve's absence from this proposal is particularly significant because it supervises major financial institutions whose lending and investment activities are consequential for LMI communities. If the Federal Reserve maintains the current framework while the OCC and FDIC adopt the weakened standards outlined in the Proposed Rule, banks could face different expectations for community development, retail banking services, grants, and data reporting. This fragmented approach would create uncertainty and potentially result in different levels of accountability for banks serving similar communities.

Communities should not face weaker reinvestment protections simply because their bank is supervised by a different federal agency. Given the scale of the proposed changes and their potential impacts on underserved communities, Greenlining urges the OCC and FDIC to coordinate with the Federal Reserve to preserve a strong, consistent CRA framework. The agencies should not finalize a rule that creates uneven standards of community accountability based on which regulator supervises a bank.

Conclusion

The CRA was enacted to address redlining and ensure banks meet the credit needs of the communities they serve. Nearly 50 years later, persistent disparities in access to housing, capital, and financial services demonstrate why strong CRA accountability remains essential.

Greenlining urges the OCC and FDIC to **withdraw the Proposed Rule** and:

- **Protect CRA oversight:** Maintain meaningful examinations and community development requirements for banks of all sizes.
- **Preserve community reinvestment:** Protect incentives for affordable housing, CDFIs, small businesses, disaster recovery, and other community development investments.
- **Support community organizations:** Reject restrictions on grants that limit flexible funding and capacity building.
- **Maintain transparency:** Preserve lending data collection and reporting so communities can identify gaps and hold banks accountable.
- **Ensure consistent standards:** Coordinate with the Federal Reserve to maintain a strong, consistent CRA framework.

The CRA's existing regulations are essential to holding banks accountable for meeting the needs of historically underserved communities. These protections are not simply regulatory burdens, but safeguards against the redlining and disinvestment the CRA was enacted to address. Weakening them would undermine decades of progress and reduce incentives for banks to reinvest where capital is needed most.

Thank you for your consideration of these comments.

Sincerely,



Max Vargas

President and Chief Executive Officer
The Greenlining Institute