

October 13, 2026

Chief Counsel's Office
Attention: Comment Processing
Docket ID: **OCC-2026-0694**
Office of the Comptroller of the Currency
400 7th Street SW
Suite 1E-216
Washington, DC 20219

Jennifer M. Jones
Deputy Executive Secretary
Attention: Comments: **RIN 3064-AG31**
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Submitted via Federal eRulemaking Portal: <https://regulations.gov>

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

Dear Chief Counsel and Ms. Jones,

Ceres respectfully submits this letter in opposition to the Office of the Comptroller of the Currency (OCC) and Federal Deposit Insurance Corporation's (FDIC) [notice of proposed rulemaking](#) to amend the Community Reinvestment Act (CRA) rules. This proposed rulemaking puts forward several critical changes that risk undermining incentives, obligations, and expectations for banks to invest, lend, and serve low- and moderate-income (LMI) communities.

[Ceres](#) is a nonprofit advocacy organization with over 35 years of experience working to accelerate the transition to a cleaner, more just, and resilient economy. Our [Investor Network](#), [Company Network](#), and [Policy Network](#) include many large US institutional investors and large companies with whom we work on a range of sustainability-related and policy-related issues. The [Ceres Accelerator for Sustainable Capital Markets](#) aims to transform the practices and policies that govern capital markets by engaging federal and state regulators, financial institutions, investors, and corporate boards to address weather-driven risk as a systemic financial risk. The comments provided herein represent only the opinions of Ceres, and do not necessarily infer endorsement by each member of our Investor, Company, or Policy Networks.

I. INTRODUCTION

As a longstanding avenue for financial access and wealth-building opportunities, the CRA statute serves an important purpose that should be strengthened to support communities – not weakened to relieve banks. Ceres has encouraged and supported previous efforts to update CRA rules to ensure it continues to effectively function within the realities of modern banking practices and the complex landscape driving reinvestment needs from underserved LMI communities. However, this proposal falls short of reforming the CRA rules in line with the original purpose of the 1977 statute enacted by Congress to redress the nation’s long and painful track record of lending discrimination and disinvestment. As a crucial driver for banks to provide capital to CRA-eligible activities including affordable housing, small business financing, and community investments, rolling back CRA obligations could result in banks of all sizes scaling back CRA coverage and activity in the very underserved communities meant to be served by the statute. Furthermore, this proposal risks undermining equitable financial access and resources at a time when people, communities, and small businesses are already grappling with challenges from [housing affordability](#), [rising inflation rates](#), and less recognized financial losses driven by [frequent and severe natural disasters and extreme weather events](#). To prevent significant declines in much needed CRA-eligible community development activities nationwide, we request that the OCC and FDIC rescind this current proposal until a thorough analysis of its impacts on LMI communities is prepared and released for a new public comment.

II. CERES’ BACKGROUND AND ENGAGEMENT ON CRA

Federal CRA Engagement

Ceres has demonstrated a consistent track record advocating for timely, critical, and necessary updates to federal CRA rules. In [February 2021](#), we submitted comments to the Federal Reserve Board of Governors’ (the Fed) advanced noticed of proposed rulemaking on updating the CRA rules and recommended the explicit inclusion of CRA-eligibility for resiliency activities to address extreme weather challenges disproportionately impacting LMI communities. This was followed by our [October 2021](#) comments supporting the OCC’s proposal to rescind its 2020 CRA rules in favor of joint interagency rules developed by the three CRA federal banking regulators, the Fed, OCC, and the FDIC, to offer consistency and clarity for financial institutions with CRA obligations. In response to the [2022 interagency notice of proposed rulemaking](#) to update CRA rules, Ceres [delivered comments](#) supporting the proposed inclusion of crucial resiliency provisions to support underserved vulnerable communities in preparing for and adapting to natural disasters and extreme weather risks.

We supported the updated [2023 CRA final rules](#) as a positive step forward in addressing common-sense and beneficial updates poised to strengthen CRA overall for LMI communities and the financial institutions that serve them. In response to the roll-out of the [2023 final CRA rules](#), we hosted a private convening in January 2024 which brought together over a dozen US regional banks and GSIBs to review and discuss the implications of the “disaster preparedness and weather resiliency” category under community development. As a follow up to the convening and in alignment with the critical updates in the 2023 final CRA rules, we developed and distributed [a](#)

[resource guide](#) highlighting the intersection of resiliency and CRA while elevating the opportunity to support CRA-eligible community infrastructure under the new community development “disaster preparedness and weather resiliency” category.

Most recently, we submitted [comments](#) strongly opposing the agencies’ proposed rescission of the 2023 final interagency CRA rules in August 2025. By recodifying the 1995 CRA regulations, the progress and updates made pertaining to CRA credit eligibility especially in terms of disaster preparedness and weather resiliency activities were curtailed at a time when geographically vulnerable LMI communities need it most. We also [commented](#) on the review of the Community Reinvestment Act being reviewed under the Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) in October 2025. While recognizing the agencies’ procedural mandate to reduce paperwork and improve efficiency under the routine EGRPRA review process, we emphasized our position then that **less regulation does not necessarily mean better regulation**, which appears apt repeating given the agencies current stated effort “[to reduce unnecessary burden](#)”, without comprehensively grappling with the scale and impact that less resources will have on LMI communities.

State-level CRA Engagement

We have also engaged in efforts to support CRA modernization and updates on state-level CRA rules. In April 2025, Ceres submitted a [comment letter](#) to the New York Department of Financial Services’ (NY DFS) proposal to extend coverage of New York’s state CRA to nonbank mortgage lenders, including the expectations for how they will be evaluated at meeting the credit needs of the communities where they operate. With an increased number of non-bank mortgage lenders in the New York marketplace and disparities in mortgage access persisting for New Yorkers, the rule sought to fill a long-standing gap. By expanding coverage of New York’s state CRA rules to mortgage companies, NY DFS is helping to unlock critical access to wealth-building home loans, aligned with the safety and soundness principles embedded in the CRA rules, while holding mortgage companies accountable for their lending practices at meeting the credit needs of all New Yorkers. This alignment is particularly important as New York’s LMI and disaster-vulnerable neighborhoods face rising insurance costs, property-value volatility, and uneven access to mitigation finance, reinforcing the need for embedding disaster preparedness and weather-resilience lending into CRA eligibility. As a follow-up, we submitted an additional [comment letter](#) to NY DFS in October 2025, affirming their new updates. By continuing to strengthen its own state CRA rules, addressing its state-specific needs, and demonstrating a steadfast commitment to evaluating how changing market dynamics impact the way LMI communities access financial services, NY DFS set an important example for how to evaluate and update CRA rules. While states with their own CRA rules [have shown](#) agility and responsiveness by prioritizing updates that represent the needs of their local markets, not every state has its own CRA rules, underscoring the importance of the federal CRA to be updated with the unmet needs of LMI communities across the nation as the primary focus in mind.

Coalition and Community Engagement

As part of our CRA advocacy and engagement efforts, we connect with community-based organizations on a range of policy issues through our membership in the [National Community](#)

[Reinvestment Coalition](#) (NCRC), a network of over 700 community organizations dedicated to advancing federal and regulatory policies that expand access to credit, strengthen community investment, and create fair opportunities for individuals and communities to build wealth. Through this coalition, we have supported various NCRC-led public comments related to the federal and state CRA efforts alongside other community-based organizations.

III. ISSUES IN THE CURRENT PROPOSAL

The agencies' stated effort in this current proposal "to refocus on the statutory objective of encouraging banks to meet the credit needs of their communities" appears counterintuitive and unlikely based on the potential implications of the proposed changes being advanced. NCRC's [detailed analysis](#) of the current proposal highlights several key areas that risk weakening community-development obligations for banks nationwide. While we recognize the validity of all the concerns raised by NCRC, we focus primarily on the following issues:

1. Reducing community development evaluations

The proposal would substantially raise the asset thresholds that determine how banks of various sizes are evaluated under CRA and thereby reduce community development scrutiny and therefore weaken the CRA's primary mechanism for holding banks accountable for serving the needs of the entire communities in which they operate. The changes could severely reduce regulatory expectations as shown by [analysis](#) conducted by NCRC:

- Banks with assets below \$1 billion would be treated as small banks, while banks with assets between \$1 billion and \$10 billion would be evaluated under the less demanding intermediate-bank framework rather than the more comprehensive tests applied to large banks.
- Approximately 800 banks would no longer receive a community development evaluation because the proposal would raise the small-bank threshold from [\\$412 million to \\$1 billion](#), eliminating community development evaluations for roughly 814 banks, or about 40% of the banks currently subject to that requirement.
- The proposal would reclassify another 417 banks by raising the intermediate bank threshold from \$1.649 billion to \$10 billion. The 417 banks newly classified as intermediate rather than large would no longer be examined under separate CRA investment and services tests and instead would have easier community development exams by being evaluated based on their combined community development loans, investments, and services.
- As a result, only the largest 6% of banks would face separate reviews of their community development loans, investments and branch services or of their CRA small-business loan reporting requirements.

The banks that would be reclassified are not marginal participants. The [Center for Affordable Housing Lending](#) reports that banks with \$1.564 billion to \$10 billion in assets made 11,880 community development loans totaling approximately \$32 billion in 2024.

The reporting at stake is also substantial. According to the [Federal Financial Institutions Examination Council \(FFIEC\)](#), institutions with \$1.564 billion or more in assets accounted for 99.4 percent of reported small business loan origination dollars in 2024, while the 157 institutions with \$10 billion or more accounted for 70.7 percent. By our calculation from these figures, roughly 29 percent of reported small business origination dollars came from institutions with assets between \$1.564 billion and \$10 billion. CRA reporters also account for 77.6 percent (by dollar amount) of small business loans outstanding at depository institutions. Raising the large-bank threshold would end mandatory reporting for banks in this range. We distinguish between the loss of data, which follows directly from the proposal, and a loss of lending, which is the risk the agencies have not analyzed but should.

Evaluations are an important mechanism for ensuring that banks stay accountable to fulfilling their CRA obligations. Since banks provide capital through channels that generate CRA credit, by adjusting asset thresholds in such a way, bank incentives to support CRA-eligible community development investments may be drastically curtailed. Our concerns are grounded in the risk that lowering evaluation standards at this proposed scale will reduce measurable progress toward equitable access to homeownership. These reclassifications for over 800 banks and separate investment evaluations for 400 banks may worsen the housing crisis by reducing the demand for [other tools](#) such as the Low-Income Housing Tax Credits (LIHTC) and the New Market Tax Credits (NMTC). The CRA is often referred to as the [main motivator](#) of bank investment in LIHTC and NMTC, with banks accounting for 85% of LIHTC investment dollars. As such, changes in bank investments could compromise affordable housing and other development activities supported by LIHTC and NMTC.

The agencies should also expect effects to differ by geography. A [2026 study of CRA designation](#) from 2012 to 2019, found statistically significant employment gains in metropolitan tracts (2.5 percentage points) and smaller gains in micropolitan tracts (0.6 percentage points), with positive spillovers into neighboring tracts that decline with distance, but no statistically significant effect in small-town and rural tracts, which the authors link in part to banks in those areas being frequently exempt from the full extent of CRA exams. Combined with evidence that smaller banks account for a disproportionate share of rural mortgage lending, this means national aggregates could mask very different local outcomes.

Existing research also indicates that banks respond to CRA incentives, so the agencies cannot assume that changing those incentives is behaviorally neutral. A [2026 paper on CRA enforcement](#) finds that the median bank increased its CRA-qualifying lending by more than 15 percent in the year it sought merger approval, and banks at the 75th percentile by about 50 percent. The authors characterize this as window dressing and criticize current enforcement, but the pattern shows that banks adjust their lending when regulatory consequences are at stake. This matters because the proposal would allow intermediate banks to receive an overall Satisfactory rating without a Satisfactory community development rating, a change that [Urban Institute](#) notes would weaken the overall rating that agencies weigh in merger applications.

The OCC and FDIC's proposal to alter which banks would be evaluated for CRA compliance risks undermining how Congress intended the agencies implement the CRA. The accountability the CRA creates has been successful at ensuring borrowers and LMI communities have access to

homeownership and entrepreneurship, with nearly [\\$5 trillion](#) in CRA-qualifying mortgages and small business loans made since 2010. Raising asset thresholds risks undermining equitable homeownership access when LMI families are already confronting difficult financial hardships. Issues such as deepening [affordable housing gaps](#), [rising inflation rates](#), [insurance volatility](#), and less recognized finally losses driven by their disproportionate exposure to increasing [natural disasters and extreme weather events](#) will exacerbate these financial hardships further. The need for regulatory scrutiny on whether banks are serving the needs of LMI communities remains necessary as LMI communities continue to face barriers to affordable mortgages, small businesses struggle to access financing, and neighborhoods continue to need investment in community development.

2. Scaling back community development activities

Proposed changes around raising asset thresholds would eliminate or weaken CRA requirements for hundreds of banks. According to the FDIC and OCC's proposed updates, banks below \$1 billion would lose community development requirements. The share of all banks with community development responsibilities would fall from roughly [half to less than one-third](#). This could jeopardize over half a billion per year in community development loans and investments for affordable housing, small business support, workforce development, and community services. LMI communities and those that have experienced historic discrimination cannot withstand such a reduction in community development investments and loans.

Reductions in CRA-related community development could be felt nationwide and affect every state, but some states will be burdened more than others. NCRC's illuminating [interactive map](#) showcases exactly how individual states would be affected, for example:

- California, Texas, and Louisiana will all have a 50% reduction in their number of large banks.
- 81 banks currently evaluated for community development in Texas will no longer have any community development requirements.
- In 16 states, at least one-third of the banks would no longer be evaluated for reinvesting in local community development projects with rural and Southern states particularly affected.
- Iowa would go from 109 banks evaluated for community development to just 63.
- Louisiana will go from 62 banks with community development requirements to just 32, and just 9 large banks.

The OCC and FDIC's proposal to raise asset thresholds puts affordable housing and community development investment and financing at risk. This is supported by analysis of the proposal conducted by [Urban Institute](#) finding that the "these provisions, if enacted, could weaken incentives for banks to provide CD loans, investments, and grants, which accounted for approximately \$138 billion of the \$356 billion of CRA-reported loan volume in 2024, compared with \$152 billion in small business lending, \$10 billion in small farm lending, and \$54 billion in single-family mortgage lending in low- and moderate-income communities and households." The Urban Institute stresses evidence demonstrating that community development activity serves a vital purpose by [increasing investment flows](#) to underserved communities. Therefore, any reduction in community development lending could disproportionately harm LMI communities.

Bank financing of CDFIs shows how these incentives reach communities. [Opportunity Finance Network](#) (OFN) reports that its members received nearly \$6.2 billion in borrowed funds from CRA-motivated banks in fiscal year 2024, about 46 percent of their total borrowed funds. OFN also notes that the proposal would bar CRA consideration for non-programmatic or operating grants and, for large banks, for any community development grant in which more than 15 percent is used for administrative or overhead expenses, restrictions that could limit credit for the unrestricted operating support and organizational capacity building that CDFIs rely on.

If regulators lower the expectations for banks to invest, lend, and be accountable to the communities they serve, there could be harmful consequences. Several states with immediate, heightened needs for resiliency and mitigation financing may have fewer banks required to finance community development. This means less incentives for these banks to finance energy-efficiency or storm-resistant retrofits for multifamily affordable housing, or flood control measures and other infrastructure that minimizes the damage of extreme weather events. The proposed rule could justify banks of all sizes sharply reducing their community development financing due to signaling from the OCC and FDIC that they will accept levels of community development financing far below current levels. This seemingly conflicts with this proposal's stated purpose to "refocus on the statutory objective of encouraging banks." It is imperative that the CRA continues to incentivize banks to meet community needs.

3. Overlooking clarity on CRA-eligible resilience financing opportunities

The proposal adds the following language to the new definition of community development under the revitalization and stabilization category: "programs, projects, or initiatives that assist individuals and communities with preparing for, adapting to, or withstanding natural disasters." However, the [2023 final rule](#) made "disaster preparedness and weather resiliency," its own explicit community development category and specifically mentioned community solar projects, promoting green space, and cooling or warming centers in LMI census tracts as examples. This proposal mentions neither of those as examples. This risks hindering the flow of capital to financing much needed resilience projects and offering banks an additional opportunity to earn CRA credit.

The United States is increasingly confronting [extreme weather events](#), such as flooding, extreme heat, storm surges, and droughts. The frequency and cost of these events has [increased significantly](#) since 1995. In 1995, there were 7 billion-dollar disasters costing \$23.3 billion and resulting in 977 deaths. Jumping forward to 2024, there were 24-billion-dollar disasters costing \$182.7 billion and resulting in 558 deaths. These physical risks have the potential to seriously disrupt not only our financial system but also the communities being served.

While natural disasters and extreme weather risks affect everyone, they disproportionately impact low-income communities. Decades of systemic [underinvestment](#) and [redlining](#) have [impeded access](#) to the most basic financial services for LMI communities. For many of the same reasons, these communities suffer disparate environmental burdens and [disproportionately](#) live on the [frontlines of extreme weather events](#) that are [increasing](#) in frequency and intensity. Furthermore, physical [destruction](#) has a disproportionate impact on LMI households as they are also more likely to live in housing more susceptible to damage, such as older homes, apartment buildings, and

manufactured housing. These tragedies strain the finances of LMI households in a number of ways, including loss of income, housing, and unexpected medical expenses. This functions to exacerbate existing inequities, leaving vulnerable communities “[less likely to have the resources to protect](#)” against the impacts of extreme weather events, creating additional financial burden.

The updated 2023 CRA rules were important not only for driving fairness and access in LMI communities, but also for addressing systemic physical risks. The 2023 interagency final rule recognized the urgent need to offer CRA-eligible credit opportunities for resiliency activities for vulnerable communities to better prepare and withstand the devastating impact that these physical risks pose. This alignment is particularly important as frontline LMI communities confront rising insurance costs, property-value volatility, and uneven access to mitigation finance, reinforcing the need for a just transition that embeds weather resilience measures into CRA opportunities. Incentivizing banks to invest in resiliency reinforces the intended purpose of the CRA while allowing banks additional opportunities to earn CRA credit and accelerating financial stability in vulnerable communities.

4. Undermining the affirmative obligation CRA mandates

Proposed changes to community development definitions, evaluation standards, and other provisions could significantly shift where CRA-motivated capital flows and reduce the focus on LMI communities, resulting in less affordable housing supply and reduced access to much needed financial resources. Regulators should preserve a clear and meaningful focus on the LMI communities that CRA was originally intended to serve. Releasing an updated CRA rule that fails to strengthen the components that would allow it to more aptly fulfill the original mandate would be a significant disservice and may result in doing more harm than good. The proposed framework would seem to run counter to the CRA mandate and ultimately amount to decreased loans, investments, and services to LMI communities as statutorily required.

When CRA was enacted, banks were not fulfilling their obligations to all communities. The federal CRA law enacted by Congress in the 1970s was a response to the practice of redlining - a decade’s long practice of refusing to make loans in certain communities based on class, race, or immigrant status of the residents who lived there. The impact of redlining continues to be felt today. Notably, CRA was passed as part of a series of civil rights laws, including the Fair Housing Act (1968), Equal Credit Opportunity Act (1974), and the Home Mortgage Disclosure Act (1975), as part of national pressure to address the deteriorating conditions of American cities—particularly lower-income and minority neighborhoods.

By law, CRA establishes a “continuing and affirmative obligation” for banks to help meet “the credit needs of its entire community . . . consistent with the safe and sound operation of the institution.” Through a continuing and affirmative obligation, the law requires regulated financial institutions to help meet the credit needs of the local communities where they’re chartered. A bank charter is a privilege that comes with special subsidies and benefits, one of them being deposit insurance and access to discounted loans from the Fed. Those privileges come with obligations. When a bank takes deposits, it should be reinvesting those deposits by making loans back into the community, including LMI residents. That reinvestment obligation is part of a bank’s public purpose. Banks are chartered by state and federal governments to serve a public purpose – and in

ensuring safety and soundness measures, they uphold the financial stability of our banking system, which is critical to the country's stability and economic development. By creating this affirmative obligation, CRA serves a critical role that should not be undermined.

When CRA functions accordingly, it is apparent. Scholarly research assessing the incentive mechanisms of the CRA provides [evidence](#) of how the CRA works well to influence bank behavior as intended and how it could better address current realities. Even financial institutions that are not currently covered by federal or state CRA rules have found merit in the implementation of CRA for improving their performance. A February 2021 [New York DFS report](#) analyzed lending and redlining in Buffalo, New York, revealing an important finding about a mortgage company that had a good record of lending to all parts of its market: "...in response to the Department's inquiry regarding its fair lending policies, Homestead Funding Corp., the non-depository lender...with a good record of reaching minority populations in the Buffalo area explained that one reason for its success is that it operates in another state that happens to impose CRA requirements on non-depository institutions and therefore, analyzing lending data to ensure the lender is reaching all parts of its markets is a regular practice. Especially with respect to the portion of non-bank mortgage lenders that are not reaching low- and moderate-income borrowers, application of the CRA could improve their performance as it has for banks and help ensure continued good performance for those institutions already serving their whole communities, thereby increasing the availability of mortgage lending in communities that have heretofore experienced unequal access." It is notable for a financial institution to acknowledge and give credit to a regulation for positively contributing to its own performance. The CRA statute can not only benefit LMI communities but also the financial institutions that serve them. This reinforces the essential and beneficial role that CRA imposes. Updates should be made to allow the CRA to always achieve its critical statutory purpose.

IV. RECOMMENDATIONS

1. Conduct necessary and needed analysis to determine impact on LMI communities

We are concerned that these changes are being proposed without an adequate analysis of their likely impact on LMI communities and on communities that have experienced historic discrimination and disinvestment. Prior to issuing the proposed rule, the OCC and FDIC did not:

- quantify changes in lending, investments, services and community development activities subject to CRA evaluation
- consider reasonable alternatives that would reduce regulatory burden without sacrificing meaningful community accountability
- show that community needs become less significant simply because a bank falls below a higher asset threshold

NCRC conducted their own extensive [analysis](#) and [mapping](#) in response to the proposal to showcase the detrimental consequences the changes would have on LMI communities. These findings warrant careful consideration by the agencies – who are ultimately statutorily responsible for overseeing the CRA and encouraging financial institutions to help meet the credit needs of the communities in which they do business.

To prevent significant declines in needed CRA-eligible community development activity, the agencies should analyze whether the proposed changes would reduce lending, services, or investment in LMI communities and whether communities that have experienced historic discrimination or disinvestment would be disproportionately affected. Before finalizing the rule, we request that the OCC and FDIC rescind this current proposal until a thorough analysis of its impacts on LMI communities is prepared and released for a new public comment.

The agencies should also distinguish between the loss of data and the loss of lending. Raising reporting thresholds changes what regulators and the public can observe about economically significant activity. The agencies should quantify both effects: (1) the reduction in visibility that follows directly from the proposal, and (2) any change in lending that may follow from reduced scrutiny. Additionally, the agencies should examine whether other lenders would fill any gap. The agencies should analyze impacts separately for metropolitan, micropolitan, and rural markets.

2. Do not raise bank asset thresholds as proposed

We recommend the regulators not move forward with any of their proposals to increase asset thresholds. Raising asset thresholds would appear to significantly [roll back CRA requirements](#) and significantly reduce the number of institutions subject to community development expectations. Banks of all sizes play a vital role in community development lending, but scaling back community development responsibilities risks hindering opportunities to finance affordable housing, small businesses, and other essential community development. The OCC and FDIC state they are raising asset thresholds to reduce regulatory burden, however they have not provided sufficient evidence of the severity of regulatory burden, or that the loss of community development, branches, and small business lending data will be outweighed by this reduction in burden. Furthermore, the regulators have not shown that community needs have become less significant simply because a bank falls below a higher asset threshold.

Studies show that CRA poses minimal compliance costs for financial institutions. A Federal Reserve Bank of St. Louis [report](#) analyzed over 1,500 survey responses from nearly 1,100 unique banks assessing compliance costs of community banks attributable to specific regulations and found that CRA accounted for 7.2% of compliance expenses, which is towards the bottom end of their overall compliance costs. Based on 3 years of community bank surveys, the study found that compliance costs across all banks, and all years, averaged about 7 percent of noninterest expenses.

On the other hand, CRA benefits to LMI communities are [well-recorded and well-established](#). Studies demonstrate that the federal CRA is making a beneficial difference in unlocking vital financial access to LMI communities. [Research](#) by The Center for Affordable Housing Lending showcases the power of CRA to leverage private investments to more fully address the needs of communities nationwide. In 2024, CRA incentivized more than \$430 billion in loans and investments for homeownership, small businesses, and affordable housing and community development in LMI communities nationwide. Specifically, CRA drove:

- Nearly \$168 billion in affordable housing and community development lending and investments;
- More than \$152 billion in small business loans;
- More than \$100 billion to support homeowners; and

- More than \$10 billion in small farm loans.

From 2015 to 2024, financial institutions made more than [\\$1.4 trillion](#) in community development loans and investments benefiting LMI communities. Of that, more than \$1.2 trillion was in the form of loans benefiting LMI communities and individuals, and the remaining \$168 billion was in the form of investments. As of its passage in 1977, CRA has driven [\\$6 trillion](#) in loans and investments to LMI communities. According to research by NCRC, since 1996, CRA-covered lending in LMI communities has delivered [\\$883 billion in loans](#) for affordable housing and economic development projects and \$973 billion in 24 million small business loans.

Notably, the CRA does not mandate or encourage risky lending. Rather, financial institutions must operate consistently with safe and sound practices. Research shows that federal CRA lending has demonstrated a [track record](#) of implementation in line with [safety and soundness](#). Economists Robert Avery and Kenneth Brevoort affirm that [CRA-covered home lending](#) is typically safer and more sound than non-CRA covered lending. According to their analysis, when a larger share of lending was issued by CRA-covered banks than by mortgage companies, neighborhoods experienced lower delinquency rates and less risky lending. A Federal Reserve [study](#) likewise reported that CRA-related mortgage loans had delinquency rates lower than average across all 2006 mortgages and significantly lower than those of subprime loans. The Federal Reserve Bank of San Francisco examined California loans originated by CRA-regulated institutions and also found they were significantly [less likely to default](#) than those originated by non-CRA-regulated institutions. These empirical studies provide a strong case for the safe and effective role CRA serves that must be preserved rather than weakened.

3. Consider clarifying CRA credit opportunities for needed resilience financing under community development

The CRA rules are important not only for ensuring fairness and mobilizing financial access in LMI communities, but also for the potential to address relevant systemic physical risks. Although the proposal adds language to the new definition of community development under the revitalization and stabilization category, “programs, projects, or initiatives that assist individuals and communities with preparing for, adapting to, or withstanding natural disasters,” the 2023 final rule went a step further by making “disaster preparedness and weather resiliency” its own explicit community development category and referenced examples such as community solar projects and development of green spaces, and cooling or warming centers in LMI census tracts. This proposal mentions none of those helpful examples, which risks hindering the potential flow of capital to financing for much needed resilience projects and offering banks an additional opportunity to earn CRA credit.

Significant work remains to ensure LMI communities have the resources to protect and guard against damage to their properties and adequately deal with loss of income from a natural disaster or adverse weather event. The notable and [staggering increase in losses](#) from natural disasters and extreme weather events illustrates the urgent need for proactively clarifying the full scope of CRA-qualifying resilience activities. Since many LMI communities are more exposed to extreme weather threats, such as flooding in coastal and inland areas and extreme heat in urban neighborhoods, their risk of housing insecurity and financial vulnerability is also further

exacerbated and compounded. While current regulatory [guidance](#) allows CRA credit for activities designed to revitalize or stabilize federally designated disaster areas, it does not explicitly provide credit for activities that would proactively minimize the damages of these events before they occur. Given that the current CRA rules are predominantly reactive to natural disasters and incentivizes retrofitting properties to be more energy efficient for the benefit of the tenants, those rule changes would have made a beneficial advancement by allowing banks to proactively undertake activities that support disaster preparedness and weather resiliency in LMI communities – while allowing banks to receive the credit they seek on CRA exams.

The updated [2023 CRA final rules](#) were a positive step forward in addressing common-sense and necessary changes poised to strengthen CRA overall for LMI communities and the financial institutions that serve them. The inclusion of disaster preparedness and weather resiliency as a community development category would have beneficially awarded CRA credit to banks for financing critical measures such as construction of flood control systems in flood-prone areas, retrofitting multifamily affordable housing to withstand future disasters or weather-related events, financing community solar projects, and upgrades to affordable housing such as energy-efficient appliances. While remaining responsive to natural disasters, these updates would have importantly broadened disaster preparedness and weather resiliency to incentivize proactive measures to help LMI communities prepare for, withstand, and minimize the damage from severe weather events.

The CRA can not only benefit LMI communities but also the financial institutions that serve them. Rebuild By Design's [CRA Bank Guidebook](#) aims to help institutions strategically direct their CRA investments toward projects that strengthen community-wide infrastructure that minimizes the damages of extreme weather. It outlines how CRA rules could enable CRA credit for activities related to disaster preparedness and infrastructure revitalization and stabilization. CRA investments offer an opportunity to reduce risk exposure for communities and banks by reducing harm in CRA-eligible LMI communities where banks do business. Since protecting communities protects bank assets, resilience measures contribute to safeguarding capital investments. CRA can shift investment from post-disaster recovery to proactive infrastructure that stabilizes assets, reduces risk, and allows banks to earn CRA credit. Incentivizing banks to invest in resiliency reinforces the intended purpose of the CRA while allowing banks additional opportunities to earn CRA credit and accelerating investment in vulnerable communities.

Financial institutions should be incentivized and encouraged to offer CRA-eligible products and services that respond accordingly in support of local community needs, including physical risks from increasing and intensifying exposures to extreme weather threats. Given the growing impacts of extreme weather and disaster risks, we urge the FDIC and OCC to consider uplifting mitigation and adaptation financing for consideration under CRA.

Illustrative list and pre-approval process

The 2023 CRA final rules also included important features that would have increased regulatory clarity and certainty for financial institutions. As a follow up to the 2023 updated rules, agencies expressed their intention of jointly publishing an illustrative list of eligible pre-approved community development activities, which was expected to include examples of disaster preparedness and weather resiliency activities. Against the backdrop of increasing extreme

weather events threatening financial stability for LMI communities, the fast and efficient delivery of financial services is so critical that no time should be lost or delayed due to a misunderstanding over eligibility requirements. Advanced clarification of CRA qualifying community development categories, including those related to disaster preparedness and weather resiliency, would have provided financial institutions clear and compelling motivation to engage in these types of activities.

The 2023 regulation also offered the prospect of a pre-approval process for banks to seek prior confirmation from the agencies that a disaster preparedness and weather resiliency activity would be eligible for CRA credit, providing banks with deeper assurances to move forward with these important activities, most especially in situations when timeliness and responses are highly valued and necessary. This beneficial feature offered financial institutions crucial affirmation that could help drive additional needed investments in vulnerable communities. By updating this pre-approval process, it would have served to spur and incentivize critical responsiveness to LMI community needs and benefited bank clarification of CRA qualifying activities.

The illustrative list of activities and the pre-approval process would have offered useful, constructive, and advantageous changes to the CRA rules, which would have benefited both financial institutions covered under the CRA and the LMI communities they serve. With increased clarity, certainty, and understanding of their additional opportunities to earn credit on their CRA exams, financial institutions would have been encouraged to help meet the credit needs of LMI communities through loans and other services that allow these communities to prepare for natural disasters and build resilience to extreme weather events. This would have strengthened the CRA for both LMI communities and the financial institutions that serve them. Losing these features is a missed opportunity to align with the current landscape and complex realities being confronted by LMI communities.

We support the current proposal's provisions establishing an illustrative list and pre-approval process. We recommend that the agencies explicitly include examples of disaster preparedness and weather resilience as eligible activities. This could help drive resources to pressing needs while making it easier and more efficient for banks to earn credit on their CRA exams.

New York's state-CRA offers a valuable model

Encouraging lending aligned with resilience—particularly in underserved communities—can play a crucial role in enhancing long-term stability and ensuring that the transition to a more resilient housing market is both inclusive and equitable. NY DFS positioned itself as a leader in acknowledging the need for banks and insurance companies to take steps to assess and mitigate risks from extreme weather and natural disasters. In February 2021, NY DFS released a [letter](#) to New York state-chartered banks describing how resilience activities could receive consideration as a community development activity during their CRA examination. This was, to the best of our awareness, the first time a U.S. financial regulator explicitly encouraged CRA to be used for resilience activities. The NY DFS guidance went a step further by helpfully offering a specific list of examples of financing activities that support resilience. Examples included: financing community solar projects that provide energy to an affordable housing project, flood resilience activities for multifamily buildings, and reducing heat risk via air conditioning installation in

multifamily buildings offering affordable housing. The NY DFS has set an important precedent by explicitly giving focus to these issues within their state CRA framework. This is an important model for the federal CRA to consider.

4. Prioritize LMI communities as the focus of CRA

The CRA plays an important role in lifting up underserved communities. CRA functions to motivate banks to invest in critical areas of need through the promise of earning credit for eligible CRA activities. Notably, it is not designed or intended to focus on providing regulatory relief to financial institutions, especially at the expense of the needs of LMI communities. Practically all banks [pass their CRA exams](#) despite [evidence](#) of existing [lending](#) and [credit gaps](#) in LMI communities that should be addressed. According to [NCRC](#), approximately 98% of banks pass their CRA exams with just less than 10% receiving an “Outstanding” rating and almost 90% of them receiving a rating of “Satisfactory.” To maximize the CRA’s [progress](#) and [effectiveness](#), regulators must refocus the proposal on addressing the unmet credit needs of LMI communities, rather than on providing regulatory relief to financial institutions.

Financing plays a critical role in helping vulnerable communities build resilience to future disasters. By [spurring](#) the flow of private capital, it can therefore serve as an important part of the solution to addressing important local community issues including, housing affordability, workforce development, community infrastructure upgrades, entrepreneurship, and rural development. However, there are few policies or programs to help build financial resilience, which requires [sufficient liquid resources](#). Regulatory incentives for banks, such as CRA credit, help [drive investments](#) to frontline communities. Given that extreme weather threats are not distributed equally, financing for activities that help mitigate and build resilience to these physical risks would strengthen the CRA for both LMI communities and the financial institutions that serve them.

Support for affordable housing, small business financing, and community development remains necessary. [Housing finance disparities](#) remain a stark issue and contribute to economic inequality, which aggravates the historic effects of discrimination in housing markets. While homeownership serves as an important avenue for [building wealth](#) and the [transfer of wealth across generations](#), persistent lending disparities exacerbate economic inequality and frustrate the long-running purpose of CRA to end the nation’s long and painful history of lending discrimination and disinvestment.

Several crucial and applicable lessons can be gleaned from assessing state-level CRA modernization efforts. States with their own CRA laws also continuously evaluate any oversight gaps not being covered by the federal CRA to ensure continued lending and credit access to underserved communities in their respective states. The Consumer Financial Protection Bureau (CFPB) conducted extensive analysis and research on state CRA laws and the availability of credit access across a range of financial products, including mortgage lending, small business lending, and others. In their [2023 report](#), the CFPB found that just as the federal CRA law has been revised a number of times since its passage, state CRAs have been amended periodically in response to changing markets to cover additional types of financial institutions, collect additional data to better understand financial markets, and address state-specific needs. This responsiveness to evolving market needs is aligned with the evolution and history of federal CRA rule updates. Updating the

rules for implementing CRA does not diminish or undermine its effectiveness, rather it shows an ongoing commitment to the statutory purpose of the CRA by proactively adapting to LMI communities' unmet or evolving credit needs. While states with updated CRA rules have demonstrated agility and responsiveness, not every state has its own CRA rules, underlining the importance of updating the federal CRA in accordance with the evolving structures of the financial system, while keeping LMI communities at the center of priorities.

CRA is a necessary statute that aims to encourage financial institutions to meet the credit needs of LMI communities. While we support common-sense updates, changes should be made that enable the CRA to always achieve its critical statutory purpose. The CRA statute has a proven [track record](#) of implementation in line with [safety and soundness](#) and important role to continue serving. Therefore, it should not be weakened or diminished in pursuit of regulatory relief. We urge the agencies to ensure that CRA focuses on prioritizing LMI communities as mandated.

V. CONCLUSION

With the goal of increasing lending, investment, and financial services in historically underserved communities, CRA remains critically necessary and one of the strongest tools available for driving equitable financial access to the unmet banking needs of LMI borrowers.

However, this proposal undermines the CRA's core mechanisms for holding banks accountable for serving the needs of LMI communities. While CRA has been proven effective and while it is a necessary vehicle for driving financial access to LMI communities, there is room for updating it to ensure it aligns with the current realities of intensifying physical risks, modern banking practices, and unmet community needs. We have consistently advocated for CRA updates to address urgent and modern realities being confronted in the financial landscape. This continues to include the persistent reality of extreme weather events compromising the financial stability of LMI communities and the pressing need to offer CRA-eligible credit opportunities for resilience activities to help them better prepare and withstand the devastating impact that these physical risks pose.

Efforts to weaken CRA regulations could have negative and damaging consequences for LMI communities – frustrating the purpose of the CRA to meet the credit needs of LMI communities. This current proposal falls short of updating CRA rules in line with the original purpose of the law and risks undermining equitable homeownership access at a time when Americans and small businesses are already grappling with historic [deepening affordable housing gaps](#), [rising inflation rates](#), [insurance volatility](#), and less recognized losses driven by their disproportionate exposure to [increasing natural disasters and extreme weather events](#). In this current proposal, the regulators have missed an opportunity to provide necessary and common-sense updates that would have strengthened CRA for both LMI communities and the financial institutions that serve them.

The OCC and FDIC should rescind the current rule proposal and in keeping with the spirit and mandate of the CRA law, the agencies should instead conduct an analysis of how the proposed changes would impact LMI communities that have confronted longstanding disinvestment and financial disenfranchisement.

Thank you for considering our views on this important matter. We appreciate the opportunity to deliver this feedback. We would be pleased to discuss any questions you may have on our feedback. Please contact Holly Li, Program Director, Net Zero Finance, hli@ceres.org or Monica Barros, Special Projects Senior Manager, at mbarros@ceres.org.

Sincerely,



Monica Barros
Special Projects Manager
Ceres Accelerator



Holly Li
Program Director, Net Zero Finance
Ceres Accelerator