

## Issue Update

On August 18, 2025, ABA filed a comment letter supporting the Federal banking agencies' Notice of Proposed Rulemaking (NPR) to rescind the 2023 Community Reinvestment Act (CRA) Rule and replace it with the legacy CRA framework. Separately, on October 23, 2025, ABA filed a comment letter containing recommendations for reducing regulatory burden under the CRA. The letter was part of ABA's response to the agencies' request is pursuant to the Economic Growth and Regulatory Paperwork Reduction Act (EGRPA), which requires the agencies to review their regulations every 10 years to identify outdated or unnecessary regulatory requirements.

## Why It Matters

The 2023 CRA Rule exceeds the CRA statute. It is a significant regulatory shift and may have reduced access to credit for mortgages, small business loans, and community development financing. In addition, the complexity and statutory overreach presented by the 2023 CRA Rule was a pronounced departure from the original goal of CRA modernization, which was to clarify—not complicate or overhaul—the CRA regulatory framework.

While the modernization effort was unsuccessful, it highlighted the strengths of the legacy rule as well as areas where targeted updates are needed. These changes can be made through modest revisions to the CRA regulation, updates to the Interagency Questions and Answers, and improvements to CRA-related processes.

## Recommended Action Items

- Support the agencies' efforts to repeal the 2023 CRA Rule and replace it with the 1995 CRA Rule, which remains in effect pending the resolution of ABA's legal challenge. While not perfect, the 1995 CRA Rule is more closely aligned with Congressional intent and more workable than the 2023 Rule.
- Increase the asset caps for the Small and Intermediate Bank tests to \$850 million and \$4.7 billion to reflect the evolution of the banking sector since the Intermediate Bank test was established in 2005. Following this initial adjustment, index the thresholds annually to nominal Gross Domestic Product (GDP).
- Urge the agencies to make improvements to CRA regulation and supervision, including:
  - Streamlining the strategic plan option;
  - Providing pro rata credit for all community development activities (not just affordable housing);
  - Providing positive consideration for outstanding balances of prior period community development loans;
  - Eliminating informal or unpublished guidance;
  - Strengthening examiner training;
  - Establishing a pre-approved list of CRA-qualifying activities;

# Community Reinvestment Act Modernization

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- Implementing a pre-clearance process for CRA activities;
- Clarifying documentation standards; and
- Ensuring that all exams incorporate performance context.