Community Reinvestment Act Modernization

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Issue Update

On July 31, 2026, the OCC and FDIC filed a motion for final judgment in the Northern District of Texas requesting that the court vacate portions of the 2023 Community Reinvestment Act (CRA) rule and related 2016 guidance because the CRA does not authorize regulators to evaluate banks' retail lending activities outside the geographic areas where they operate deposit-taking facilities or to assess banks' deposit products during CRA examinations. ABA did not oppose the motion, and the court has not yet ruled.

That same day, the OCC and FDIC issued a proposed rule to amend the regulatory framework the agencies adopted in 1995. Key aspects of the proposal include:

- Increasing the Small Bank asset threshold to $1B and the Intermediate Bank threshold to $10B;
- Limiting the lending test to a bank's major product lines (which could include consumer lending);
- Limiting the Large Bank service test to the provision of credit services;
- Clarifying the activities that constitute community development;
- Narrowing CRA credit for grants and donations to those directly supporting a program, project, or initiative whose primary purpose is community development. For Large Banks, CRA credit would be limited to recipients with indirect costs of 15% or less;
- Clarifying eligibility for community development credit for activities outside of a bank's assessment area; and
- Simplifying the strategic plan process.

The Federal Reserve did not join the proposal. It plans to formally rescind the 2023 rule and revert to the 1995 framework "soon."

Why It Matters

The proposal would more closely align CRA evaluations with the statute's focus on meeting communities' *credit* needs. In addition, raising the Small Bank and Intermediate Bank asset thresholds would allow more institutions to qualify for streamlined CRA evaluation frameworks and would eliminate CRA data collection and reporting requirements for Intermediate Banks that are currently classified as Large Banks. The revised thresholds would also align more closely with the 1995 Rule's distribution of Small and Large Banks, with approximately 79 percent of supervised institutions qualifying as Small Banks and 17 percent qualifying as Intermediate Banks. The proposal would also clarify aspects of the regulatory framework that have been applied inconsistently.

Recommended Action Items

- Support the agencies' efforts to repeal the 2023 CRA Rule.
- Support raising the asset caps for Small and Intermediate Banks.
- Urge the agencies to adopt CRA regulations on an interagency basis that includes the Federal Reserve.
- Urge the agencies to adopt CRA reforms that are workable and durable so that resources are not redirected from community reinvestment toward implementing multiple revisions to CRA.