PARTNERSHIP
for FINANCIAL
EQUITY

October 6, 2026

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

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

The Partnership for Financial Equity (PFE) appreciates the opportunity to comment on the proposed changes to the regulations implementing the Community Reinvestment Act (CRA).

PFE is a Massachusetts-based organization committed to expanding equitable access to credit, strengthening communities, and ensuring that the financial system works for all households and businesses. PFE is unique in that our membership consists of both financial institutions and community organizations, providing a perspective that few groups can offer from both sides of the CRA debate. Our work brings together not only our members but regulators, policymakers, researchers, and other stakeholders. This gives us a particular interest in ensuring that CRA regulation is both appropriately tailored to financial institutions and effective in meeting the needs of the communities the law was designed to serve.

We support thoughtful modernization of the CRA. We do not support weakening it. The distinction is important. CRA regulations should be modern, strong, and stable, and these proposed regulations fail on all three standards.

1. The CRA should remain a shared framework

Perhaps the most fundamental concern with the proposal is institutional.

For nearly half a century, the CRA has operated as a shared national framework. The proposed changes risk creating different CRA regimes depending upon which federal agency supervises a bank or which state has local CRA requirements.

That is not a recipe for clarity.

It creates uncertainty for financial institutions, confusion for community organizations, and unequal treatment among similarly situated banks. In 2020, the OCC issued its own rule without the backing of the FDIC or the Federal Reserve, only to revoke it later. This lack of alignment created significant confusion among banks and community groups. We should learn from the recent past and avoid repeating this mistake.

In states like Massachusetts, with its own CRA statute, the concerns about consistent and efficient regulation of banks are even more pronounced. Banks should not have materially different CRA obligations simply because they happen to be supervised by different regulatory agencies.

We encourage the OCC and FDIC to withdraw this proposal and work with the Federal Reserve, state regulators, community organizations, financial institutions, and other stakeholders to develop a framework that can command broad support and endure across multiple administrations.

2. The CRA needs consistency, not more regulatory uncertainty

Financial institutions and community organizations have already devoted substantial time and resources to responding to repeated changes in CRA policy. Recent modernizations efforts were adopted in 2023, only to have the agencies propose to rescind those efforts in 2025. This followed another round of changes for OCC-regulated banks, whose CRA regulations were revised in 2020, only to have those changes revoked several months later. Another dramatic change risks repeating that cycle.

Stable and predictable regulation is important to banks. It is equally important to community organizations and the communities they serve.

Banks need to know what will be expected of them over the long term. Community organizations need to know what resources and partnerships will be available to address housing, small-business, financial inclusion, and community-development needs.

A regulatory system that changes dramatically from one administration to the next undermines long-term planning, increases compliance costs, and makes it harder for banks and communities to develop durable partnerships.

The CRA has endured because its fundamental purpose is clear: federally insured financial institutions should help meet the credit needs of the communities in which they operate, including low- and moderate-income communities, consistent with safe and sound banking.

Federal regulators should seek durable, broadly supported reforms that improve the CRA rather than another temporary regulatory experiment. Drawing on the comments received from researchers, bankers, community organizations, and the public relating to this proposed change as well as other recent proposals to revise CRA regulations, the Federal Reserve, OCC, and FDIC should convene a working group that includes representatives from supervised banks and nonprofit community-based organizations to collaborate on a revised CRA. Proposals can be discussed with a focus on CRA's fundamental purpose, focusing on what should be a shared goal of all: ensuring ongoing relevance to bank activity and community needs while reducing unnecessary regulatory burdens.

3. The Impact of Changing Asset Thresholds Requires Greater Study

PFE is concerned about the proposal to substantially increase the asset thresholds determining which banks are subject to comprehensive CRA evaluations. In Massachusetts alone, 46 banks would move into different asset categories under the proposed framework. Regulators should more fully examine how these changes would affect bank decision-making, CRA obligations, and the level of lending, services, and community investment reaching lower-income communities.

Changing a bank's asset classification is not simply a technical or administrative adjustment. It can influence the scope of its CRA examination, the data it must collect, the compliance systems it maintains, and the resources it devotes to community development. These changes may also affect how banks prioritize lending, investment, and partnerships with community-based organizations. Certainly, the assets held by banks have increased substantially in the past three decades, but the FDIC and OCC have not established that the current asset categories are unduly burdensome for banks or demonstrated how the proposed changes would affect community investment.

PFE believes that the potential consequences of moving 46 Massachusetts banks—and a substantial share of the banking industry nationally—into different asset categories warrant a more thorough analysis. In particular, regulators should assess whether institutions moving into less comprehensive evaluation frameworks would have reduced incentives to invest in underserved communities, and whether the proposed thresholds could result in lower levels of lending, community development investment, or access to banking services.

Community banks deserve appropriately tailored regulation. But the low- to moderate-income communities served by those banks also deserve robust investment. Before adopting the proposed thresholds, the FDIC and OCC along with the Federal Reserve should undertake a national listening tour to better analyze the likely effects that the proposed changes in asset categories could have on bank behavior and the quality and quantity of community investment. Asset thresholds should reflect not only administrative convenience and institutional size, but also the actual capacity, market footprint, and community impact of the institutions subject to them.

4. Do not weaken the service test

PFE is deeply concerned about changes that would diminish the importance of the service test.

Banking services matter.

For lower-income households, access to a branch, affordable account, financial education, tax preparation assistance, volunteer support, and other forms of community-based engagement can be just as important as access to a loan. PFE's 2025 Trust in Banking survey of lower-income consumers in Massachusetts underscored this point with nearly one-in-five unbanked low-income people saying that a physical branch in their neighborhood would encourage them to open an account. 35% of respondents in the same survey said they consult a bank or credit union for financial advice. Before changing thresholds, regulators should do more work to determine how such changes would impact branching, especially given how branch closures have already accelerated since the pandemic.

Programs such as *Basic Banking for Massachusetts* and *Bank On Massachusetts* demonstrate the importance of financial institutions partnering with community organizations to expand access to safe and affordable banking services.

If the CRA framework reduces the incentive for banks to maintain these partnerships and services, communities will feel the consequences.

The service test should remain a meaningful component of CRA evaluations, and regulators should ensure that banks receive appropriate CRA consideration for activities that expand access to safe, affordable financial services and build financial capability.

5. CRA should continue to encourage meaningful community partnerships

When CRA has worked well, it has never been merely a compliance exercise.

Our experience in Massachusetts is that CRA can create lasting and meaningful relationships among banks and nonprofit organizations. Those relationships often produce innovations that neither a bank nor a community organization could accomplish alone.

CRA-aligned activity can also be good business. It can help financial institutions build trust, develop new customer relationships, understand local consumer product needs, and expand their customer base.

Regulators should therefore be careful not to design a framework that unintentionally discourages banks from investing in the relationships and partnerships that make CRA effective.

Specifically, PFE is concerned about proposed requirements governing general operating support for nonprofit organizations. Requiring banks and nonprofit organizations to account for funding in restrictive categories, such as supporting a lending program, can create substantial administrative burdens without producing better community outcomes. Requiring large banks to ascertain that no more than 15% of a grant can be used for "indirect costs" – particularly when the proposed rules do not clearly define what these "indirect costs" would be – serves no one. It is a regulatory burden on banks and community groups alike and runs counter to the need for additional flexibility in grant making.

Nonprofits need flexible operating support precisely because community needs change.

A community organization may receive funding from a bank to support its overall ability to provide affordable housing counseling, small-business technical assistance, financial education, fair housing testing, or other services. Restricting that funding to narrowly defined activities will make it more difficult—not easier—for organizations to respond effectively to community needs.

The CRA framework should encourage meaningful, flexible partnerships while maintaining appropriate accountability.

6. Assessment areas should reflect how modern banking actually works

PFE also urges a new look at proposed changes affecting assessment areas.

The banking system has changed dramatically since the CRA was enacted in 1977 and the current regulations went into effect in 1995. Digital banking, mobile technology, mortgage lending beyond a physical footprint, and other channels have changed how financial institutions serve customers.

CRA modernization should recognize those changes. Attempts to freeze the definition of CRA assessment areas in 1995 do not serve banks or communities. Assessment areas should reflect where a bank is doing substantial business, regardless of its brick-and-mortar presence.

Instead, this proposed regulation does nothing to truly modernize CRA, a concept that has widespread support among banks and community organizations in PFE's membership base. Rather, it attempts to keep a 1995 regulatory regime in place in perpetuity and does not recognize the technological changes that have reshaped banking and the credit needs of low- to moderate-income communities over the last thirty years.

Regulators should ensure that institutions receive full CRA consideration – and be held accountable for their failure to meet appropriate standards – based on their actual market activity, whether it takes place in a neighborhood with a branch or in a community far from a branch but where a bank has decided to focus its resources including its lending. Any restrictions that would prevent future regulators from appropriately adjusting assessment areas as banking markets evolve are likely to be counterproductive and should be reconsidered.

Conclusion

The Community Reinvestment Act was enacted in 1977 to address the legacy of redlining and ensure that federally insured financial institutions help meet the credit needs of the communities they serve.

Nearly five decades later, that mission remains relevant.

Massachusetts communities continue to face barriers to affordable housing, homeownership, small-business capital, and access to safe and affordable financial services. The need for investment has not diminished.

The CRA should evolve with the banking system. But modernization should strengthen its effectiveness – not reduce the number of institutions meaningfully accountable under the law.

The CRA has succeeded because it recognizes a basic principle: safe and sound banking and investment in communities are complementary rather than competing objectives.

Banks play an essential role in local economies, and CRA requirements should recognize differences in the size, business model, and complexity of financial institutions. But regulatory relief should not come at the expense of the families, entrepreneurs, nonprofits, and neighborhoods that continue to face unequal access to capital.

The proposal represents a significant step backward. It would substantially increase the asset thresholds determining which institutions are subject to the most comprehensive CRA requirements without an analysis of the impact of that change. It would reduce meaningful CRA evaluation of many institutions, weaken the role of community development and retail services, and create needless uncertainty for banks and communities alike.

We should be building on the success of CRA, not retreating from it. We should be celebrating the extraordinary partnerships between banks and community organizations, not politicizing CRA by dismissing so-called "activist groups."

PFE is neither left-wing nor right-wing. We stand squarely on Main Street with our member financial institutions and community organizations whose only interest is in strengthening low- and moderate-income communities across our great Commonwealth. Our unique voice is firmly in support of bringing all communities into the financial mainstream, a goal of CRA since it was enacted nearly fifty years ago.

Next year, PFE will be celebrating the 50th anniversary of this vital law by highlighting success stories of first-time and fist-generation homebuyers, small business owners, and unbanked individuals who were able to enter the financial mainstream. We invite all three federal regulators to partner with us in 2027 on a listening tour of the New England region to hear about the impact of CRA first-hand and better understand the opportunities and consequences of proposed changes.

We stand ready to work with regulators, financial institutions, community organizations, and policymakers to develop a modern CRA framework that is **modern, strong, and stable**. Most importantly, CRA must remain effective in expanding access to credit, investment, and services in communities that have historically been underserved. That has been the north star for CRA for nearly 50 years, and it should remain so.

Submitted by:

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