



October 13, 2026

Travis Hill, Chairman
Federal Deposit Insurance Corporation (FDIC)
550 17th Street NW
Washington, DC 20429

Jonathan V. Gould, Comptroller of the Currency
Office of the Comptroller of the Currency (OCC)
400 7th St. SW
Washington, DC 20219

RE: Community Reinvestment Act (CRA) Regulations (Docket OCC-2026-0694)

Dear Chairman Hill and Comptroller Gould:

Inclusiv, Inc., a national 501(c)(3) organization and Community Development Financial Institution (CDFI), respectfully submits the following comments in response to the Office of the Comptroller of the Currency's (OCC) and Federal Deposit Insurance Corporation's (FDIC) proposed rule, "Community Reinvestment Act (CRA) Regulations." We appreciate this invitation to provide input on the CRA revisions and help promote impactful and effective community development finance. Generally, we are concerned that the proposed changes would result in a substantial decline in community development activity, curtail successful bank-CDFI partnerships, and leave low- and moderate-income (LMI), rural, Native, and other underserved communities with fewer resources and reduced access to capital.

About Inclusiv

Inclusiv is the leading network of community development credit unions with a primary mission of promoting financial inclusion and independence for low-income people and communities. The Inclusiv network represents more than 450 credit unions serving nearly 20 million people in predominantly low-income urban, rural, and reservation-based communities across the United States, including Puerto Rico, Guam, and the U.S. Virgin Islands. Inclusiv channels capital to and builds the capacity of community development credit unions dedicated to serving low-income people and disinvested communities that mainstream financial institutions fail to serve.

For almost 50 years, the Community Reinvestment Act has enabled Inclusiv to raise and deploy capital to grassroots community development financial institutions that connect low-income consumers with affordable loans, savings opportunities, and counseling and guidance that help them financially succeed. In that time, we have directly invested more than \$500 million to build the balance sheets of these institutions, which have collectively mobilized more than \$300 billion in savings and deployed more than \$250 billion in loans that revolve in their communities. These investments reduce the number of unbanked Americans and build savings and wealth in low-income, previously disinvested communities, and the capital has been raised

primarily through banks, which proudly report these outcomes as part of their regular CRA reporting and examinations. The partnerships built through CRA efforts have strengthened communities, sustained local and regional economies, and expanded economic opportunity across the nation, demonstrating what is possible when financial institutions are encouraged to invest in all the communities they serve.

It is from this longstanding experience that Inclusiv advises against the adoption of the proposed rule, based on its departure from the core objectives of CRA as well as how it would weaken productive relationships between banks and the communities in which they operate. The CRA was originally enacted to address disinvestment in underserved communities by establishing a continuing and affirmative obligation for banks to help meet the credit needs of their local communities, including LMI communities, consistent with the safe and sound operations of the institutions. The proposed rule would move away from this core purpose by scaling back CRA's coverage, drastically reducing regulatory expectations of CRA activity, and weakening the CRA mechanisms for holding banks accountable for serving the needs of the full communities in which they operate. This would have far-reaching implications not only for CDFI credit unions, but also for affordable housing organizations, small businesses, local and state governments, and the general public, who all benefit from strong, well-functioning housing markets and business communities. In light of these concerns, Inclusiv respectfully offers the following recommendations for the agencies' consideration:

1. Maintain the existing bank size thresholds.

The proposed rule would increase the CRA bank size thresholds from under \$412 million to under \$1 billion for small banks and from under \$1.649 billion to under \$10 billion for intermediate banks. If this change is adopted, the number of banks subject to community development standards would be significantly reduced, since only large banks' overall CRA ratings would be impacted by community development tests.

Defining small and intermediate banks as those with less than \$10 billion in assets would mean that more than 1,500 banks, or 36% of all banks nationwide, would no longer be incentivized to provide community development loans or investments in the places where they operate.¹ These banks provided nearly \$27 billion in community development loans in one year, making up 35% of loan volume nationwide, and they also play an essential role as investors in Low-Income Housing Tax Credits (LIHTC) and New Markets Tax Credits (NMTC).^{2,3} Both programs are critical to incentivizing affordable housing investment and development in low- and moderate-income (LMI) communities.

As more banks move into lower asset-size categories, fewer would be evaluated for community development lending, investment, and services, resulting in less capital flow to LMI communities, especially rural communities and smaller markets. Raising the large bank threshold to \$10 billion would also reduce banks' accountability for branches and basic banking services because 417 banks would no longer undergo separate branch evaluations.⁴ Bank branches are especially important for older adults,

¹ <https://naahl.org/news/naahl-statement-on-proposed-cra-rule>

² Ibid.

³ <https://www.taxcreditcoalition.org/weigh-in-with-regulators-on-cra/>

⁴ <https://ncrc.org/2026-cra-rollbacks/>

people with limited internet access in rural areas, and customers needing language assistance. More than 5,000 branches in LMI census tracts—30% of all LMI branches nationwide—would lose CRA scrutiny under these changes, and studies have found that CRA consideration makes branches less likely to close.⁵ Beyond the loss of in-person banking services, branch closures are associated with declines in small-business lending and relationship-based banking, particularly in LMI neighborhoods.⁶

Further, an analysis of the proposed rule’s impact across states found that the states most affected—Alaska, Iowa, Indiana, Louisiana, Minnesota, Mississippi, and Wisconsin, where more than 40% of banks would lose community development (CD) obligations—are all states where more than a quarter of the population lives in rural areas.⁷ This suggests that the proposed changes could have a disproportionate impact on rural communities as more banks in those areas would lose the obligation to reinvest in local CD activities like affordable housing and small business or small farm support.

Given the above findings, we recommend that the agencies preserve the existing bank size thresholds and retain branch evaluations to support continued banking access across the country, particularly in rural areas.

2. Maintain rigor of CRA standards by (a) continuing to evaluate all relevant retail lending activity, rather than limiting assessment to a bank’s major product lines, and (b) continuing to factor intermediate banks’ community development test ratings into overall ratings.

In addition to reducing participation in the CRA’s most substantive tests, the proposed rule also reduces the rigor and weight of some of the CRA tests themselves, particularly for the lending test and the community development test.

Under the proposed changes, the scope of the lending test would be narrowed such that a bank could be evaluated on just one or two of its major retail lending product lines. However, this approach would create gaps in oversight for lending categories that, while smaller in scale, could be particularly important to local communities. The relative importance of a lending product within a bank’s portfolio does not necessarily correspond with its importance to communities where the bank operates. For example, small farm loans may represent a small portion of a bank’s retail lending while being central to the economic health of a rural community, or affordable mortgages may be critical to meeting housing needs in a high-cost market, even if they would not be considered a “major product line” under the proposed framework. Given that the founding purpose of CRA was to ensure banks helped meet the credit needs of the communities where they operate, particularly in LMI communities, CRA evaluations should continue to examine lending across the four product lines regardless of dollar volume or loan count.

Secondly, the proposed rule would allow an intermediate bank to receive a “satisfactory” or “outstanding” rating overall, provided that it receives at least a “satisfactory” rating on the lending test. This standard effectively makes the community development (CD) test irrelevant for intermediate

⁵ Ibid.

⁶ <https://ncrc.org/relationships-matter-small-business-and-bank-branch-locations/>

⁷ <https://www.ncrc.org/cra/>

banks. However, the lending test alone does not sufficiently capture the breadth of CD activities that banks undertake to meet community needs. Banks' investments in local CDFIs, affordable housing development, and other community projects are an important complement to retail lending in order to fill financing gaps and address broader community-level needs. If the CD test is removed from impacting the overall CRA rating, intermediate banks will no longer be incentivized to participate in non-retail CD activities, significantly narrowing the ways in which banks engage with and support local communities.

To keep CRA focused on meeting community needs, the agencies should continue to evaluate all relevant retail lending activity and consider intermediate banks' CD test ratings in overall ratings.

3. Preserve the existing treatment of qualifying grants and donations as community development (CD) activities without capping indirect costs.

The proposed rule imposes a 15% cap on indirect costs that recipients can incur as part of administering a grant or donation from a large bank and states that the remaining 85% must be "directly used by the recipient to deploy the funds to meet community credit needs." This requirement that funds be directly used to meet community credit needs is not clear about what CD activities would qualify, and without clarity, banks may be reluctant to provide grants for activities that are important to community development but do not fit neatly within a narrow reading of this provision. For example, banks currently support financial or housing counseling or small business training via grants to community-based organizations (CBOs). These are critical community services that create jobs and help borrowers succeed with their capital, strengthening local economies and capital markets. However, it is unclear whether such activities would qualify as a direct use of funds to meet community credit needs under the proposed rule.

In addition, the proposed 15% cap on indirect costs is overly restrictive, as it could substantially limit the effectiveness of bank partnerships with CDFIs and other CBOs that help banks reach LMI and underserved borrowers, particularly where banks lack specialized expertise and local relationships. While a 15% cap on indirect costs may be appropriate for some grants, it could disproportionately affect CDFI and CBO partnerships in rural and smaller communities, which can cost more to reach and serve. The cap would also be particularly challenging for small local organizations, for which economies of scale are limited and administrative costs naturally represent a larger share of operating budgets. Further, funding indirect costs can be integral to meeting community credit needs, as they support the infrastructure and capacity building often necessary to deploy funds effectively in high-need communities.

Imposing a cap also drives up administrative costs for both banks and grantees, as banks may need to collect and review additional documentation from grantees to verify compliance, diverting resources away from the actual CD activities the grants are intended to support.

We therefore recommend that the agencies preserve the existing treatment of qualifying grants and donations and remove the proposed cap on indirect costs, which would disincentivize banks' investments in smaller organizations and increase administrative burdens.

4. Explicitly recognize loans, investments, and services to CDFIs as CD activity eligible for CRA credit.

The proposed rule does not explicitly recognize activities undertaken with certified CDFIs as eligible CD activities. In the 2020 and 2023 CRA rules as well as the Q&A accompanying the 1995 rule, loans, investments, and services provided to CDFIs were specifically identified as examples of eligible CD activities. However, in the current proposed rule, financing undertaken through a CDFI may only qualify where the activity financed satisfies the applicable CD and geographic requirements.

This approach imposes a duplicative compliance burden to trace downstream CDFI activities, even though CDFIs have already undergone a rigorous certification process by the US Treasury Department to demonstrate that they carry out a primary mission of promoting community development and serving LMI communities. Clear, entity-based treatment of CDFIs would reduce uncertainty and compliance burden for banks while more effectively facilitating the flow of capital to CDFIs as proven conduits for serving the credit and CD needs of LMI communities.

5. Preserve the purpose test for economic development activity to ensure financing continues to be directed to small businesses and small farms that benefit LMI communities.

Under current CRA rules, an activity generally must satisfy both a size test and a purpose test to qualify as economic development. The purpose test asks banks to demonstrate that an activity creates, retains, or improves jobs for LMI people, benefits LMI areas, or works through qualifying intermediaries. The proposed rule would dilute this definition of “economic development” by eliminating the purpose test, thus reducing the quality and impact of CRA eligible activity.

Under this change, banks would be able to receive CRA credit even for activities that do not benefit LMI communities. For example, a loan to a wealthy small business owner in an upper-income census tract could still qualify for CRA credit, even if the business creates no jobs and does little to address local economic needs. This outcome would be antithetical to CRA’s original intent.

In their rationale, the agencies cite concerns that the purpose test’s focus on job creation for LMI individuals does not account for the quality of those jobs, but eliminating the purpose test would not address this concern. If anything, it would weaken the connection between qualifying activities and quality jobs, as banks would be less incentivized to ensure that their activities meaningfully benefit LMI individuals and communities. Preserving the purpose test would help ensure that CRA-eligible economic development activities remain responsive to the needs of LMI communities.

6. Maintain the current approach to considering discriminatory and illegal credit practices in CRA ratings.

The current CRA framework permits examiners to consider discriminatory or other illegal credit practices identified through the supervisory process, including violations cited in examination reports, when determining whether a bank’s CRA rating should be adversely affected. The proposed Option 1 for § __.28(c)(2) would limit consideration to violations reflected in a public federal or state enforcement action or qualifying judicial order, such that a violation is exempt if addressed through nonpublic supervision. In effect, this means that a bank could receive an Outstanding CRA rating despite having engaged in serious illegal or discriminatory credit practices, so long as those practices are addressed

through nonpublic supervision. Such an outcome is difficult to reconcile with the CRA's purpose of addressing redlining and other forms of disinvestment and credit discrimination. The agencies should therefore retain the current approach, which allows examiners to consider violations identified through the supervisory process when evaluating a bank's CRA performance, regardless of whether those violations resulted in a public enforcement action.

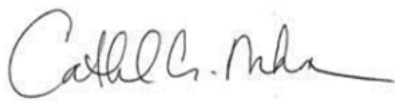
7. If the agencies establish a geographic flexibility standard, they should ensure that it preserves or increases existing activity.

One of the proposed options for considering CD activities would set a geographic flexibility standard for large banks of 0.625% of tier 1 capital for CD lending and a separate 0.625% for CD investments and grants. As highlighted in the National Community Reinvestment Coalition's (NCRC) comments, this benchmark is about 85% below what banks provide today. An NCRC study of 69 large banks supervised by the OCC and FDIC found that those banks currently provide approximately \$59.1 billion annually in CD lending and \$42.9 billion in CD investments and grants within their assessment areas—about \$102 billion combined.⁸ Applying the proposed 0.625% benchmark to the same banks produces approximately \$14.8 billion combined, about 85% below current levels. A benchmark set so far below current practice would surely weaken CRA's incentive for banks to maintain their existing levels of community development financing.

While the agencies state that meeting these thresholds would not automatically establish satisfactory CRA performance, it may be difficult in practice to maintain a meaningful distinction between a numerical threshold written into the rule and the amount of CD activity banks come to view as sufficient. If adopted, a geographic flexibility standard should be set at a level that would reinforce, rather than weaken, the CRA's incentive for banks to engage in CD activity.

Thank you for the opportunity to comment. For any questions regarding these comments, please contact Alexis Iwanisziw, SVP Policy & Communications, Inklusiv (aiwanisziw@inclusiv.org).

Sincerely,



Cathleen A. Mahon
President/CEO
Inklusiv, Inc.

⁸ <https://ncrc.org/cras-new-benchmark-could-put-85percent-of-current-community-development-activity-at-risk/>