OCC Finalizes Rule to Strengthen and Modernize Community Reinvestment Act Regulations

WASHINGTON—The Office of the Comptroller of the Currency (OCC) today released a final rule strengthening and modernizing the agency's regulations under the Community Reinvestment Act (CRA).

The final rule will increase bank CRA-related lending, investment, and services in low- and moderate-income communities where there is significant need for credit, more responsible lending, and greater access to banking services. The final rule reflects careful consideration of the more than 7,500 comments stakeholders submitted in response to the notice of proposed rulemaking announced on December 12, 2019. The OCC made several changes to the proposal that respond to stakeholders' comments, including:

- Clarifying the importance of the quantity and quality of activities as well as their value.
- Increasing credit for mortgage origination to promote availability of affordable housing in low- and moderate-income areas.
- Clarifying credit for athletic facilities to ensure they benefit and support low- and moderate-income communities.
- Deferring establishment of thresholds for grading banks' CRA performance and delineating banks' deposit-based assessment areas until the OCC assesses improved data required by the final rule.

The final rule will benefit communities, businesses, and banks by:

- Clarifying what qualifies for CRA consideration.
- Updating how banks define assessment areas by retaining immediate geographies around branches and establishing additional assessment areas for banks that do not rely on branch networks to serve their customers.

- Evaluating bank CRA performance more objectively through quantitative measures that assess the volume and value of activity.
- Making reporting more transparent and timelier.
- Providing greater support for small businesses, small and family-owned farms, and Indian Country.
- Thoroughly evaluating banks' CRA performance in all their assessment areas, not just a limited evaluation in some of them.

The CRA was enacted in 1977 to encourage insured depository institutions to help meet the credit needs in their local communities, including low- and moderate-income neighborhoods. The final rule preserves this important objective but responds to dramatic changes in the banking industry since the law's enactment and regulatory changes in 1995. The final rule addresses the shortcomings in the current CRA regulatory framework that has not kept pace with banking industry advancements, and ensures the regulations no longer adversely affect the very communities the CRA was intended to help.

The final CRA rule applies to national banks and savings associations, which conduct the majority of all CRA activity.