

Banking and Finance Law Daily Wrap Up, COMMUNITY DEVELOPMENT— Federal banking regulators propose reverting back to ‘old’ CRA rules, (Jul. 16, 2025)

Banking and Finance Law Daily Wrap Up

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The FDIC, Fed, and OCC aim to reinstate 1995 Community Reinvestment Act regulations while including new ‘conforming and technical amendments.’

The Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency are seeking to amend their Community Reinvestment Act (CRA) regulations by: (i) rescinding the CRA final rule previously adopted by the Fed in October 2023 (see [Banking and Finance Law Daily](#), Oct. 25, 2023) and published in the *Federal Register* on Feb. 1, 2024; and (ii) replacing that “2023 CRA Final Rule” with “the CRA framework that existed prior to the 2023 CRA Final Rule”—referenced as the “1995 CRA Regulations.” Also, the federal financial regulators are proposing certain conforming and technical amendments, including those regulations “implementing the CRA sunshine requirements of the Federal Deposit Insurance Act,” and the OCC is proposing technical amendments to its “Public Welfare Investments regulation.” According to the federal agencies, public comments on the proposal are due within 30 days after the [notice](#) is published in the *Federal Register*.

Backdrop. In February 2024, the American Bankers Association, U.S. Chamber of Commerce, Independent Community Bankers of America, and four Texas-based associations jointly sued the federal regulators by seeking Administrative Procedure Act (APA) review of the 2023 CRA Final Rule promulgated by the Fed, FDIC, and OCC. These plaintiff banking and business groups contended that the federal financial regulators were not free to rewrite the CRA to claim for themselves the “boundless power to impose regulations” on banks anywhere their retail loan borrowers were located “without regard for the guardrails placed by Congress” (see [Banking and Finance Law Daily](#), Feb. 6, 2024).

After the federal district court for the Northern District of Texas entered an order preliminarily enjoining the FDIC, Fed, and OCC from enforcing the 2023 CRA Final Rule, and the federal regulators responded (see [Banking and Finance Law Daily](#), [April 1, 2024](#), and [July 22, 2024](#)), in March 2025, the FDIC, Fed, and OCC ultimately communicated their intent to rescind the 2023 CRA Final Rule (see [Banking and Finance Law Daily](#), Mar. 31, 2025).

Highlights of proposed rule. A July 9, 2025, FDIC Staff Memorandum presented the “Notice of Proposed Rulemaking on Community Reinvestment Act Regulations” and a resolution for adoption by the FDIC Board of Directors. The memorandum [outlines](#) the contours and objectives of the federal regulators’ proposed rule. Among other things, the memorandum communicates that rescinding the 2023 CRA Final Rule and replacing it with the 1995 CRA Regulations would:

- “alleviate the uncertainty around the CRA regulatory framework,” especially because “not all stakeholders understand which regulatory framework is currently applicable;”
- “affirmatively resolve for banks that they do not need to allocate resources towards preparing for the 2023 CRA Final Rule;”
- “limit overall regulatory burden for banks because it would mean banks would not have to adjust their CRA policies and procedures to comply with the 2023 CRA Final Rule;”
- allow financial institutions “to maintain their current policies and procedures as banks are currently subject to and examined under the 1995 CRA Regulations;”

- provide different methods than the 2023 CRA Final Rule “to evaluate a bank’s CRA performance depending on bank asset size and business strategy;”
- set forth conforming changes to “regulations implementing the CRA Sunshine Requirements of the Federal Deposit Insurance Act”
- remove applicable references “to appendix G of the 2023 CRA Final Rule” and update “cross-references to the proposed recodification of the 1995 CRA Regulations;” and
- allow the OCC to include “several technical edits to their own regulations.

Companies: Amarillo Chamber of Commerce; American Bankers Association; Chamber of Commerce of the United States of America; Independent Bankers Association of Texas; Independent Community Bankers of America; Longview Chamber of Commerce; Texas Bankers Association

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