Banking and Finance Law Daily Wrap Up, COMMUNITY DEVELOPMENT—FDIC, OCC issue joint proposal to amend CRA regulations, (Aug. 3, 2026)

Banking and Finance Law Daily Wrap Up

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The agencies' changes purportedly refocus the Community Reinvestment Act's supervisory efforts to encourage banks to meet the credit needs of their communities, among other things, but not all banking trade groups support the proposal.

The Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency have issued a joint notice of proposed rulemaking to amend the Community Reinvestment Act (CRA) regulations. The proposal makes targeted changes to the existing regulatory framework for four reasons, as stated in the FDIC's staff memorandum on the proposal: to encourage banks to meet the credit needs of their communities, to better ensure community development grants reach the intended communities, to reduce unnecessary burden, and to provide better clarity for how to obtain CRA consideration. Along with the staff memo, the FDIC also issued a press release and a letter to financial institutions (FIL-44-2026) that highlight the proposed changes. Although the public has 60 days from publication of the proposed rule in the *Federal Register* to comment, banking and financial trade groups have already responded, with the Independent Community Bankers of America (ICBA) and the American Bankers Association (ABA) supporting the proposal, while the National Community Reinvestment Coalition (NCRC) coming out firmly against the proposal.

Proposed changes. The proposed rulemaking would retain the key elements of the regulatory framework that has been in place since 1995 but would make certain "substantive, technical, and process-oriented changes" per the FDIC's documentation. Although the agencies had previously adopted final rules that would have amended the CRA on Oct. 24, 2023, a Texas district court enjoined those rules before they went into effect. The agencies then published a proposal to rescind that enjoined proposal in July of 2025. After considering public comments on the recission proposal, the agencies then decided to issue this new proposal to make a number of targeted reforms to the CRA.

Focus. The current proposal seeks to refocus supervisory efforts on the statutory objective of encouraging banks to meet the credit needs of their communities. Specifically, the proposal would change how the agencies consider retail banking services for CRA evaluation purposes by narrowing the range of services considered as "retail" banking services to limit them to the range and availability of a bank's "credit services" and the distribution and availability of a bank's retail banking facilities.

Grants. To better ensure that community development grants reach the communities they are intended to benefit, the agencies propose that banks would only be permitted to receive CRA consideration for grants and donations directly used by the recipient for a program, project, or initiative with a primary purpose of community development in the bank's local community. In addition, for large banks the proposed rule would also impose a 15 percent cap on the indirect costs that any recipient could incur as a part of administering a grant or donation.

Streamlining. To reduce burdens on banks—particularly community banks—the proposal raises the asset thresholds to below $1 billion for "small banks," $1 billion to $10 billion for "intermediate banks," and above $10 billion for "large banks." Proposed small and intermediate banks would be subject to fewer data collection, maintenance, and reporting requirements. Under lending tests, only a bank's major product lines would be considered when assessing its retail lending. Additionally, the public file and public notice requirements would be changed to allow a bank to

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satisfy such requirements through its website.

Clarity. To increase the clarity, transparency, and objectivity associated with evaluating a bank's CRA performance, the proposal clarifies when loans, investments, grants, and services quality as "community development" services. In addition, the proposal will make the strategic plan option "more viable and less burdensome" for banks by clarifying how to submit, amend, and implement a strategic plan and clarifies the "measurable goals" requirement.

ICBA. "[W]e are strongly encouraged by elements of the proposal that would modernize regulatory thresholds to enable community banks to continue meeting the needs of local communities," stated ICBA President and CEO Rebeca Romero Rainey. "ICBA and the nation's community bankers have long supported agency efforts to modernize the CRA's implementing regulations, including by minimizing community bank data collection and reporting burdens, adjusting regulatory thresholds, and increasing transparency into how ratings are established."

ABA. ABA President and CEO Rob Nichols noted that the proposal "marks progress toward a Community Reinvestment Act framework that provides banks with greater clarity to plan and deliver loans and investments that reflect local needs, bank business strategies and today's banking landscape." The ABA also appreciated that the proposal raises asset caps for small and intermediate bank performance tests, "which are too low and do not reflect the evolution those banks have seen in the more than 20 years since the intermediate small bank classification was first established."

NCRC. On the other side of the fence is the NCRC, which notes in its statement that the proposed changes "would drastically weaken banks' obligation to meet the credit needs of low- and moderate-income communities." "Banks will face weaker exams, get credit for projects with little connection to low- and moderate-income communities and gain more control over where and how they are evaluated," stated NCRC President and CEO Jesse Van Tol. "CRA is supposed to put a thumb on the scale for working-class people; now it lets hundreds of banks off the hook, and dramatically reduces the obligation for others." Of particular concern for the NCRC is the proposal to raise the large bank threshold to $10 billion and to leave banks below $1 billion "with no community investment obligation at all." The NCRC also believes the proposal "would likely shift billions of dollars in financing away from the small businesses that drive working-class job creation" because, under the proposal, "banks can get credit for financing small business entities created by wealthy people, in an upper-income census tract, with no requirement to create any jobs for working-class people."

Companies: American Bankers Association; Independent Community Bankers of America; National Community Reinvestment Coalition

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