OPPORTUNITYFINANCE NETWORK

August 18, 2025

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Re: Docket No. R-1869/RIN 7100-AG95

Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
Re: RIN 3064-AG13

Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219
Re: Docket ID OCC-2025-0005/RIN 1557-AF30

Dear Chair Powell, Comptroller Gould, and Acting Chairman Hill,

Opportunity Finance Network (OFN) respectfully submits the following comments in response to the joint rulemaking from the OCC, the Federal Reserve, and the FDIC (collectively, the regulators) to rescind the Community Reinvestment Act (CRA) 2023 Final Rule. OFN urges regulators to restore stability and certainty for CRA stakeholders by promptly reinstating the 1995 rule, while also seizing opportunities to enhance clarity around CRA activities and ensure greater consistency among examiners.

OFN members are essential CRA stakeholders, transforming capital into impact by directing CRA-motivated investments to low- and moderate-income (LMI) communities. Since its founding in 1986, OFN members have originated $111 billion in financing, helping to create or maintain more than 3 million jobs, start or expand more than 850,000 businesses and microenterprises, and support the development or rehabilitation of nearly 2.4 million housing units and more than 14,000 community facility projects in rural, urban, and Native communities across the United States. With cumulative net charge-off rates near one percent, OFN members lend prudently and productively in the LMI communities that are the focus of CRA.

Community Investing Drives Local Economic Growth

Private capital has historically flowed unevenly across geographies, particularly in LMI communities. These market inefficiencies have often constrained local investment in housing, small business, and community facilities.

Multiple studies have documented this capital gap. A 2023 Federal Reserve report on community development financing found that financial institutions frequently overlook smaller and lower-income markets, including in rural areas, due to perceived low demand or scalability challenges, even though many of these markets have viable investment opportunities and demand for capital.[1] The Housing Assistance Council notes that rural areas, which comprise about 18% of the U.S. population, quality credit and affordable mortgage sources are often more difficult to obtain in rural areas than in cities or suburbs. The smaller size and remoteness of many rural communities can raise costs for consumers due to less competition among lenders. In addition, subprime and high-cost loans continue to significantly influence rural mortgage markets.[2]

Areas of persistent poverty—defined by the U.S. Treasury as counties where 20% or more of the population has lived in poverty for 30 years or more—overwhelmingly skew rural. A contributing factor is the lack of access to credit. According to a 2022 Consumer Financial Protection Bureau report on rural banking access, the rate of not having a credit record amongst rural residents was 15%, compared to 9% in a metropolitan area.[3] Rural consumers without a credit record are then unable to fill short term income gaps, recover from weather emergencies, or to pursue new opportunities.

Small businesses that are the backbone of local economies also face disproportionate barriers in accessing capital in underserved markets. The Federal Reserve's 2022 Small Business Credit Survey found that only 31% of firms received the full amount of financing they sought.[4] This capital shortfall not only constrains entrepreneurship but also limits job creation and tax revenue at the local level.

At the same time markets with significant CRA investment see measurable economic benefits. Numerous empirical studies affirm that the CRA generates positive spillover effects for local economies by channeling investments into capital-starved markets. Data from the regulators show that in 2023, CRA-covered banks invested more than $8 billion in small businesses and farms in LMI communities and another $127 billion in qualified community development activities. These investments fueled small business growth, infrastructure upgrades, and housing development, all critical drivers of local economic dynamism.[5]

CDFI-Bank Partnerships Promote Economic Opportunity

CRA has been essential in driving bank partnerships with CDFIs, enabling the delivery of responsible financial products and services to low- and moderate-income communities. In recent years, CDFI–bank partnerships have expanded as banks increasingly recognize the industry's proven record of financing economic opportunity in LMI communities

As numerous mainstream bank trades noted in a March 2025 letter to the Senate Community Development Finance Caucus on CDFIs, "In communities where traditional lending options may

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[1] Board of Governors of the Federal Reserve System, *Perspectives from Main Street: Stakeholder Feedback on CRA Modernization* (March 2023) https://www.federalreserve.gov/publications/files/stakeholder-feedback-cra-modernization-202303.pdf accessed 6 August 2025.

[2] Housing Assistance Council, *Taking Stock: Rural People, Poverty, and Housing in the 21st Century* (2020) https://ruralhome.org/information-center/taking-stock-rural/ accessed 6 August 2025.

[3] Consumer Financial Protection Bureau, Data Spotlight: Challenges in Rural Banking Access (April 2022) https://files.consumerfinance.gov/f/documents/cfpb_data-spotlight_challenges-in-rural-banking_2022-04.pdf accessed 6 August 2025.

[4] Federal Reserve Banks, *2022 Report on Employer Firms: Small Business Credit Survey* (2022) https://www.fedsmallbusiness.org/survey/2022/report-on-employer-firms accessed 6 August 2025.

[5] FFIEC Community Reinvestment Act Data https://www.ffiec.gov/data/cra/national-aggregate-reports accessed 8 August 2025.

be limited, CDFIs provide tailored financial products that allow individuals to start businesses, expand operations, and create jobs. These investments build local tax bases, reduce dependence on public assistance, and promote economic self-sufficiency—key pillars of the administration's economic agenda. These efforts directly contribute to strengthening the economic fabric of American communities, especially in rural and underserved areas that have been left behind by past policies."[6]

Through CDFIs' local knowledge and specialized expertise, CRA expands access to credit in communities where capital markets fall short, expanding market opportunities for banks, CDFIs, and communities while supporting locally-driven community investment. Recognizing this, Federal Reserve Governor Michele Bowman has said "Providing support for [Minority Depository Institutions, Women-Owned Depository Institutions, and CDFIs] is an important part of the Federal Reserve's responsibility to provide a safe, sound, and accessible banking system that protects consumers."[7]

Opportunities Exist to Restore Regulatory Certainty and Minimize Burden

As banks return to the 1995 CRA framework, there are opportunities for the regulators to provide greater clarity and consistency to CRA stakeholders through Q&A or other guidance:

- **Standardized Criteria or Guidance for Measuring Impact** - Under the 1995 rule framework, positive CRA consideration is intended for activities that are "responsive" or "innovative", but the lack of standardized criteria or guidance for measuring impact results in differing examiner interpretations when assessing these activities. OFN recommends that the regulators build on the existing language to define impact as the *degree* to which an activity produces measurable, positive outcomes for LMI individuals or communities, such as the creation of affordable housing units, the preservation of long-term affordability, the sustaining of quality jobs, or the delivery of essential community services.
- **List of Qualifying Activities** - An illustrative list of CRA eligible activities that include those undertaken with CDFIs would encourage greater bank participation in CDFI partnerships. This would channel more resources to high-impact, high-need markets while simplifying the CRA compliance process for regulated institutions. The list of CRA eligible activities can also provide additional guidance for impact scores, how certain activities might be scored by examiners and encourage banks to engage in responsive and innovative activities.
- **Credit for Emergency Response Activities–** CRA credit should be available for disaster preparedness and relief activities, commitments to long-term housing affordability, and alignment with comprehensive community development plans, which are all critical to economic resilience and the long-term stability of LMI communities.

Conclusion

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[6] American Bankers Association Joint Trades Letter to Senate on CDFI. https://www.aba.com/advocacy/policy-analysis/joint-trades-letter-to-senate-on-cdfi accessed 14 August 2025.
[7] Michelle W Bowman, *Remarks on the Economic Outlook and Financial Inclusion* (Federal Reserve Board, 20 August 2024) https://www.federalreserve.gov/newsevents/speech/bowman20240820a.htm accessed 14 August 2025.

OFN appreciates the work of the OCC, the Federal Reserve, and the FDIC to make the CRA work most efficiently on behalf of America's communities. We look forward to exploring opportunities to provide greater regulatory clarity and certainty to CRA stakeholders under the 1995 rule, once reinstated.

For questions, please contact Susie Han Vice President, Regulatory Affairs at shan@ofn.org or me at dwilliams@ofn.org.

Sincerely,

Dafina Williams
EVP, Chief Policy Officer and Head of Government Affairs
Opportunity Finance Network