

October 23, 2025

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Re: Docket No. OP-1828

Jennifer M. Jones, Deputy Executive Secretary,
Attention: Comments—EGRPRA
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
Re: RIN 3064-ZA39

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219
Re: Docket ID OCC-2023-0016

To Whom It May Concern:

Opportunity Finance Network (OFN) respectfully submits the following comments in response to the review of the Community Reinvestment Act (CRA) as part of the Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996, as conducted by the OCC, Treasury, the Federal Reserve, and the FDIC (collectively, the agencies).

OFN is the nation's leading network and intermediary focused on community development investment, managing over \$1 billion in total assets and a membership of more than 480 community development financial institutions (CDFIs). OFN's membership includes community development loan funds, credit unions, banks, and venture capital funds. OFN is a trusted investment partner to the public, private, and philanthropic sectors and, for nearly 40 years, has helped partners invest in communities to catalyze change and create economic opportunities for all.

OFN members are vital CRA stakeholders because they turn capital into impact by channeling CRA-motivated investments into 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. The CRA is a critical tool for community reinvestment and by making additional adjustments, there is potential for even more community impact.

CRA Addresses Barriers to Local Economic Growth

Private capital has historically flowed unevenly across geographies, particularly in LMI communities due to information gaps, higher transaction costs, and a lack of locally tailored financial solutions.

Rural areas have long suffered from these inequities. Almost 90% of persistent poverty counties are rural¹, highlighting how insufficient investment in housing, small business, and community facilities has limited the economic potential of these areas. This pattern of underinvestment is compounded by rural residents' limited access to basic financial services. 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.² 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 too, which are the backbone of local economies, face barriers in accessing capital. This is a problem that is particularly acute for those in LMI areas. The Federal Reserve's 2022 Small Business Credit Survey found that 35% of firms in low-income communities received the full amount of financing they sought, compared to 50% of firms in higher-income areas.³ This capital shortfall not only constrains entrepreneurship but also limits job creation and local prosperity.

The CRA serves as an effective market-corrective tool, directing banks toward economically sound investments in communities where traditional financial lenders fall short. By channeling capital through CDFIs who bring local knowledge and specialized underwriting expertise, it expands access to credit in financially disinvested markets. These activities are not charity or mere compliance, they help expand market opportunities for CDFIs, banks, and communities. 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."⁴

Data from the agencies show that CRA generates positive spillover effects for local economies by channeling capital into underserved markets. CRA-covered banks invested more than \$500 billion in communities between 2014 and 2020—over \$120 billion of which went to qualified community development activities. These investments fueled small business growth,

¹ Persistent poverty counties as defined by the U.S. Treasury are counties where 20% or more of the population has lived in poverty for 30 years or more

² 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.

³ 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.

⁴ 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.



infrastructure upgrades, and housing development, all critical drivers of local economic dynamism.⁵

CDFIs are Critical Partners to Banks in the CRA Ecosystem

The CRA has been a key motivator for banks to form partnerships with CDFIs to deliver responsible financial services and products to LMI communities. In recent years, CDFI-bank partnerships have flourished because banks recognize the CDFI industry's strong track 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 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

Bank partnerships with CDFIs can take on various forms including direct lending or investments in CDFIs, equity-equivalent investments, deposits, and grants that support CDFI lending and operations. Banks also collaborate through loan participation, borrower referrals, and joint product development, such as credit-builder loans or small business programs. Additionally, bank staff may provide technical assistance or serve on advisory boards, with most of these activities qualifying for CRA credit when targeted to LMI communities.

These CDFI-bank partnerships are especially in places with limited bank presence, as is the case in many rural areas. As one of our members, Hope Enterprise Corporation highlighted, the rural deep South suffers from persistent poverty, widespread bank branch closures, and some of the highest rates of banking deserts in the country. Since 2010, the Deep South has lost more than 800 branches—an 11% decline—with rural areas disproportionately affected. Without modernized CRA standards, many of these communities will continue to be excluded from fair access to credit and investment. Banks will have no requirement to invest in areas in which they have no physical location.^{7 8}

Recommendations to Minimize Regulatory Burden

The 1995 CRA rule can be improved to address the lack of clarity and consistency of the exams. By addressing the subjective, examiner-driven nature of assessments, the agencies can make the process of investing in rural areas and affordable housing more efficient by

⁵ Urban Institute, *The Community Reinvestment Act: Investments in LMI Communities, 2014–2020* (Urban Institute 2023) <https://www.urban.org/research/publication/community-reinvestment-act-investments-lmi-communities-2014-2020>

⁶ American Bankers Association. *Joint Trades Letter to Senate on CDFI*. Published March 18 2025. <https://www.aba.com/advocacy/policy-analysis/joint-trades-letter-to-senate-on-cdfi>

⁷ HOPE Policy Institute. Sara Miller, "Protecting Communities from the Rollback of CRA Reforms." Blog post, August 19 2025. Retrieved from <https://hopepolicy.org/blog/protecting-communities-from-the-rollback-of-cra-reforms/>

⁸ Barca, Alaina, and Crystal Flynn. "The Last Bank Branch Standing." *Fed Communities*, January 15 2025. <https://www.fedcommunities.org/the-last-bank-branch-standing/>



encouraging partnerships with CDFIs who are already locally embedded in the very underserved areas that the CRA targets. These improvements can be done through interpretive guidance that falls within the original statutory intent to “encourage banks to help meet the credit needs of entire communities”, as was done with the 2016 Interagency Questions and Answers (Q&A).⁹

Reforms to address lack of clarity and consistency

- **Provide an illustrative list of qualifying activities:** Increased transparency and predictability in advance regarding which explicitly stated activities will receive CRA credit is particularly important. A list of CRA eligible activities should include CDFI activities such as pre-development financing, technical assistance, and equity-like investments for CDFIs as CRA-eligible activities. Small business lending referral programs between banks and CDFIs should also be explicitly recognized as CRA-qualifying under the service test. This would encourage greater bank participation in CDFI partnerships, channeling more resources to high-impact, high-need markets while simplifying the CRA compliance process for regulated institutions.
- **Clarify and expand geographic flexibility:** Under the current 2016 Interagency Q&As, agencies provided additional flexibility for banks to receive CRA credit for activities in a “broader statewide or regional area” that includes the bank’s assessment area without a clear definition. Agencies may consider clearly defining “broader statewide or regional area” and publishing regulator-approved lists or maps of eligible regions. Once a bank with a branch network has satisfactorily served its assessment area, it should receive full CRA credit for community development activities anywhere in the nation. These actions would incentivize banks to invest in low-population areas, like rural and Native areas that often fall outside full CRA evaluation, by reducing uncertainty around CRA credit eligibility and ensuring that community development activities in limited-scope review areas receive meaningful recognition.
- **Give equal treatment to bank loans to CDFIs as bank investments in CDFIs.** Bank loans to CDFIs should receive CRA credit for each year the loan is outstanding. Currently, investments made in prior exam periods generate CRA credit for each year the investment is held but loans do not. This policy incentivizes banks to make short-term loans that correspond to their exam cycle rather than longer-term loans that better meet the needs of CDFI borrowers.
- **Recognize high impact activities by giving them greater weight for:**
 - **CDFI partnerships:** Under the current 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 examiner variability when assessing these activities and weakens incentives for high-

⁹ Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation; Office of the Comptroller of the Currency. *Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment*. 81 Fed. Reg. 48506 (July 25, 2016). <https://www.federalregister.gov/documents/2016/07/25/2016-16693/community-reinvestment-act-interagency-questions-and-answers-regarding-community-reinvestment>



impact community development activities. OFN recommends that the agencies build on the existing broad language to differentiate and give due credit for high-impact activities. This approach would reintroduce, within the existing framework, the clarity and consistency through the 2023 CRA Final Rule's "impact review factors," which was a well-received element of the modernization effort to use defined, consistently applied criteria to assess quality of community development activities. OFN appreciates that the 1996 Interagency Q&As already recognizes pre-development financing, technical assistance, and equity-like investments for CDFIs as CRA-eligible activities. The agencies should provide greater certainty by explicitly stating these activities will receive higher weighted consideration for their responsive and/or innovative nature. These forms of capital and support often serve as catalytic, early-stage resources that de-risk projects and attract additional investment. We also recommend substantial weight be given to banks that work with CDFIs to create *systematic* small business lending referral programs.

- **Rural/Native community impact:** Added weight should be given to CRA activities in high poverty markets including rural, Native and other communities with documented levels of distress.
- **Emergency response, priority activities:** Greater weighted 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 and are clearly responsive to community needs.

Additional reforms to drive more investment to rural and Native communities

The CRA currently defines assessment areas (AAs) as geographies where a bank takes deposits which discourages bank investment in lowly-populated areas like rural and Native communities. The focus on branch-based AAs means many rural areas with no physical branches are not included in any AA at all, effectively falling outside the scope of CRA obligations. Otherwise, smaller AAs often receive only cursory review in limited scope reviews. If a rural county or small city is part of a large bank's AA at all, it is likely bundled into a limited-scope review with little qualitative assessment. Because banks earn the bulk of their CRA credit in their major AAs, they have weaker regulatory incentives to extend loans, investments, and services to outlying communities that examiners may not closely review, even when those areas have substantial unmet credit needs.

The 2016 Interagency Q&As attempted to address this issue by clarifying that banks can receive consideration for qualified investments loans or services in a "broader statewide or regional area outside their AA if those activities help LMI populations and the banks own AA needs are adequately met." Additionally, activities with minority-deposit institutions (MDI) and low-income credit unions, even if activities occur outside the banks AA can count for CRA credit. However, they only partially offset the fundamental AA-driven focus of exams. In practice, banks often prioritize meeting the quantified targets in their primary AAs before



pursuing projects in out-of-AA areas, and examiners will not give credit outside the AA unless the bank can show it has satisfied its AA obligations first. OFN thus suggests the following:

- **Consolidate non-metro regions within a state** into a single or, depending on the size of the state, a few assessment areas.
- **Aggregate community development activities in limited scope review areas assessment areas.** Full scope exams focus on a bank's largest markets which rarely include rural communities. Therefore, community development activity by banks in rural areas often receive less consideration by bank examiners.

Conclusion

We appreciate the work of the OCC, the Federal Reserve, and the FDIC for their continued dedication to make the CRA work most efficiently on behalf of America's communities. We are grateful for the opportunity to submit this comment. For questions, please contact Susie Han Vice President, Regulatory Affairs at shan@ofn.org or me at dwilliams@ofn.org.

Sincerely,

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