



October 13, 2026

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Office of the Comptroller of the Currency
400 7th Street, SW
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Deputy Executive Secretary
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550 17th Street NW
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Re: Community Reinvestment Act Regulations; OCC Docket ID OCC-2026-0694; OCC RIN 1557-AF57; FDIC RIN 3064-AG31

The CDFI Coalition appreciates the opportunity to comment on the Office of the Comptroller of the Currency (OCC) and Federal Deposit Insurance Corporation (FDIC) proposed amendments to Community Reinvestment Act (CRA) regulations.

The CDFI Coalition is the unified national voice of Community Development Financial Institutions (CDFIs) and their partners. CDFIs work with regulated financial institutions throughout the country to finance small businesses, affordable housing, community facilities, rural communities, Native communities, and other borrowers and projects that often face difficulty accessing conventional credit. CRA has been instrumental in supporting these partnerships and in bringing private bank capital into communities where credit needs remain substantial.

The Coalition supports the agencies' efforts to provide greater clarity regarding qualifying community development activities and to modernize geographic eligibility for regulated financial institutions.

At the same time, several provisions would significantly weaken incentives for banks to engage in community development activities and could discourage bank partnerships with CDFIs. We urge the agencies to revise the final rule to explicitly recognize banks partnerships with CDFIs. We also urge the agencies to preserve meaningful community development obligations, maintain geographic flexibility, and avoid restrictions on grants that would discourage support for effective community development organizations.

I. Bank Thresholds and Community Development

The agencies propose changing the small bank threshold from \$412 million to \$1 billion, creating an intermediate bank category between \$1 billion and \$10 billion, and raising the

large bank threshold to \$10 billion. The Coalition strongly opposes both proposals, which would be devastating to community development finance. In place of a wholesale overhaul of banks' CRA responsibilities, the Coalition recommends that the agencies make an effort to index the thresholds to inflation.

Large banks (\$10B+): The proposed thresholds would reduce the number of large banks facing rigorous CRA scrutiny by 417. The proposal also narrows the large bank test to focus exclusively on its two largest "major product lines" (based on loan count and volume). The Coalition does not support this proposal, which could leave tens of billions in bank products and services unexamined.

Intermediate Banks (\$1-\$10B): The proposal would also dilute the community development test for 417 newly classified intermediate banks by allowing them to receive an overall "satisfactory" rating based on satisfactory lending performance even if their community development performance is less than satisfactory. The Coalition opposes this proposal. If today's CRA status quo produces homogenous scoring, this would only increase the opacity of banks' performance serving the credit needs of their footprint.

Small Banks (Under \$1B): Increasing the small bank threshold to \$1 billion would eliminate the community development obligations of over 814 banks.

The effect of these changes would be to make community development performance less consequential for a substantial number of institutions. Industry experts estimate that these changes could put at least \$2 billion per year in current community development loans and investments at risk.¹ It would also substantially reduce the amount of data available to determine whether the credit needs of low- and moderate-income (LMI) communities are being met.

All these changes would reduce the incentive for partnerships with CDFIs, particularly in rural areas that already lack access to brick-and-mortar banking facilities and have seen a wave of closures and consolidation over the past two decades. For many rural families, CDFIs are the only lender of note, and they rely on assistance from the few banks who serve underinvested areas.

II. The 15 Percent Indirect-Cost Cap and CRA Consideration for Grants

The Coalition strongly opposes the proposed 15 percent indirect-cost cap for grants.

Under the proposal, for a grant to qualify as a community development activity, it would have to be directly used by the recipient for a qualifying community development program, project, or initiative. In addition, a large bank could receive CRA consideration only if the recipient's indirect costs associated with administering the grant do not exceed 15 percent.

¹ <https://www.ncrc.org/cra/>

Banks would be expected to collect written commitments, attestations, Form 990 information, and operating and program budgets to validate compliance.

In response to Question 9², the Coalition recommends that the agencies eliminate the 15 percent cap rather than substitute another arbitrary organization-wide overhead limit. This proposed change would create paperwork and headaches for banks and cash-constrained nonprofits and would have a chilling effect on banks' willingness to use grants as a qualifying community development activity.

There is plenty of research on the efficacy of capacity building grants for nonprofits. For example, researchers examined 15 years of data from a major foundation, covering roughly 400 nonprofit applicants. Organizations receiving capacity-building grants experienced about 10% financial growth over the following three years, compared to those that received traditional grants.³

For CDFIs in particular, accounting, compliance, information technology, loan servicing, underwriting systems, audit expenses, and other operational costs are essential to providing products and financial services. Treating those costs as evidence that a CDFI is diverting resources away from community development misunderstands how financial institutions operate.

Operating support acts as a multiplier for a financial institution serving markets with deep credit needs. A recent study of operating grants for CDFIs⁴ found the following:

- Total CDFI assets increased 56% on average and net assets 38%.
- The number of outstanding loans increased 78% on average.
- Meanwhile, staffing only increased 25% on average.
- The grantees enabled CDFIs to strengthen balance sheets and attract additional capital.

The CDFIs studied used flexible grant assistance for improved technology, new staff, new financial products and services, geographic expansions, and other activities that ordinary debt capital typically does not support. As Department of Treasury explains, Technical Assistance awards (analogous to capacity building grants) are used for “capacity development that is integral to a CDFI’s organizational sustainability.”

² Question 9: Are there alternative standards the agencies should consider relying on in the context of limiting indirect costs for CD grants? Do the proposed guardrails do enough to ensure the majority of grant and donation funds go directly towards benefiting the bank's assessment area(s)?

³ Faulk & Stewart (2017), “As You Sow, So Shall You Reap?”

⁴ Sarah Wolff et al., Building Organizational Capacity and Deepening Impact with PRO Neighborhoods Grants (Abt Associates, 2020).

At a minimum, the final rule should continue to permit general operating and capacity-building support to organizations whose mission and activities satisfy the rule's final community development definition. Grants help CDFIs better serve the communities CRA is designed to support. They can hire locally based loan officers, improve service delivery through better technology systems, increase loan-loss capacity, expand technical assistance, and invest in other institutional resources to expand the breadth and quality of their financial products and services. Artificially separating those functions from "community development" would discourage precisely the institutional investment necessary to expand lending.

In response to Question 10⁵, the Coalition strongly opposes eliminating grants and donations from CRA consideration for large banks. Grants perform functions that debt and equity capital cannot, and they are particularly important during periods of economic dislocation and upheaval when CDFIs need additional resources to meet growing demand. Grants to CDFIs support technical assistance, new or expanded lending products, financial counseling, predevelopment work, operating capacity, loan-loss reserves, and activities that do not generate sufficient revenue to support risk-based capital.

III. Explicitly Recognize the Full Range of Bank Financing Provided to Certified CDFIs

The proposal appropriately recognizes CDFIs that finance small businesses and small farms within its economic development definition. The Coalition strongly supports retaining this provision.

The final rule should go further and, as the OCC and FDIC proposed in 2019, expressly recognize capital investments, loan participations, and other financing undertaken in cooperation with certified CDFIs. CDFIs finance much more than small businesses and farms. They finance affordable housing, new manufacturing plants, health centers and hospital upgrades, commercial real estate, nonprofit organizations, infrastructure, and a variety of other eligible community development projects. This explicit regulatory recognition would codify what is already spelled out in the agencies' CRA Q&A, as the proposal notes.

The final rule should make clear that qualifying bank support for certified CDFIs may include loans, deposits, equity and equity-equivalent investments, loan participations, loan guarantees and credit enhancements, grants, donations, and other forms of capital. Bank support for certified CDFIs should automatically receive CRA consideration.

Providing clear treatment of CDFI financing would also reduce red tape by eliminating unnecessary tracing and documentation. Treasury certification already establishes that

⁵ Question 10: As an alternative, should the agencies eliminate all grants and donations from CRA consideration?

CDFIs (as organizations) are a financing entity with a primary mission of promoting community development. Certified CDFIs must meet requirements for accountability, target markets, and development services. Banks should not be required to trace capital flows and prove a community development use every time they provide support to a certified Community Development Financial Institution. By injecting unwarranted risk and uncertainty into the process, many of the proposed rules would increase the cost of providing capital for CDFIs, and, correspondingly, the cost of capital in underinvested rural and urban markets.

IV. Prior-Period Community Development Loans

The Coalition supports the proposal to provide CRA consideration for prior-period community development loans, which would incentivize longer-term financing (as the agencies recognize in their proposed rule). The Coalition supports annual consideration for qualifying community development loans and investments that remain on a bank's balance sheet.

Community development activities benefit tremendously from patient, long-term financing. Affordable housing, community facilities, and small-business loan funds often require capital extending well beyond a single CRA evaluation period. Annual recognition better reflects the continuing commitment of bank capital.

However, the agencies should not provide full credit for loans that are simply reissued.

V. Native Land Areas

The Coalition supports the proposal's recognition of Indian country and other Tribal and native lands as targeted geographic areas for community development activities. According to the Federal Reserve Bank of Philadelphia, 46.4 percent of the population living in majority American Indian and Alaska Native census tracts lived in banking deserts in 2023, more than 12 times the national average.⁶

The proposal defines "Indian country" and "other Tribal and native lands" using several statutory and Census geographic designations. The Coalition recommends that the agencies instead adopt the broader "Native Land Area" definition used in the 2023 CRA rule, as contemplated by Question 55⁷. That definition more comprehensively captures

⁶ Alaina Barca and Harry Hou, U.S. Bank Branch Closures and Banking Deserts, Federal Reserve Bank of Philadelphia (February 2024).

⁷ Question 55: Are there alternative approaches the agencies should consider to encourage banks to meet the credit needs of Indian country and other Tribal and native lands? For example, should the agencies use the definition of Native Lands in the 2023 CRA rules? Are there any difficulties or unintended consequences that banks might encounter with the definitions as proposed?

Native communities that may not fall neatly within a single statutory or Census geographic designation.

Additional approaches (beyond geographic prioritization) are also needed to encourage banks to meet credit needs in these communities.

The final rule should provide additional qualitative consideration for bank branches on Native lands. It should also provide broad geographic flexibility for activities undertaken through Native CDFIs and other financial institutions with demonstrated expertise serving Native communities.

These changes are welcome. However, we are deeply concerned that the changes to the bank thresholds will lead to a major reduction in both bank lending and data collection in Native communities.

VI. Primary-Purpose Guidance

The Coalition supports clear guidance regarding the definition of the “primary purpose” standard requested in Question 11.⁸ We agree with the agencies’ approach in adopting language from the CRA Q&As while providing additional clarity on the definition of “responsiveness.”

Clear guidance would reduce the costs borne out of uncertainty for banks and CDFIs. The guidance should avoid requiring banks or CDFIs to trace every dollar through pooled financing vehicles with a community development purpose.

For certified CDFIs, the agencies should provide a safe harbor wherein banks can point to reasonable evidence demonstrating that the activity supports a qualifying community development activity.

In terms of the definition of responsiveness, we urge the agencies to weigh a community development loan or investment’s impact over its transactional complexity. Instead of rewarding complex financial instruments, qualitative measures should provide preference for the extent to which an activity addresses community needs.

VII. Preserve Investor Demand for Community Development Tax Incentives

The proposed changes to the CRA thresholds could cause a significant decline in investor demand for community development tax incentives, including the Low-Income House Tax Credit (LIHTC) and the New Markets Tax Credit (NMTC).

⁸ Question 11: Should the agencies provide guidance regarding how primary purpose would be determined for each CD purpose in the definition of “community development”?

By shifting over 400 large banks into the intermediate category, the new thresholds limit the number of banks subject to the Investment Test measuring their equity investments. Large, CRA-motivated banks are the primary investors in the NMTC and LIHTC. Reduced demand for these credits would reduce their efficiency. For example, NMTC pricing corresponds directly with the amount of subsidy reaching a qualified business. A decline in LIHTC pricing reduces the equity available for affordable housing.

VIII. Economic Development Definition

The Coalition generally supports the proposal's effort to make the economic development definition clearer and more objective. However, in response to Question 25⁹, the agencies should retain an LMI-benefit requirement for this category but should not make job creation or retention the exclusive means of demonstrating that benefit.

Job creation is an important measure of impact, but it need not be the only measure. Financing may enable a small business to purchase equipment, acquire property, stabilize operations, expand product lines, or survive a temporary disruption or natural disaster. CDFIs also frequently serve entrepreneurs and sole proprietors. A loan that preserves the viability of their business has a significant impact in itself.

In response to Question 26¹⁰, the Coalition strongly supports retaining CDFIs among the expressly identified examples of entities presumed to promote economic development. The final rule should also make clear that the list is non-exhaustive and should accommodate new Federal, State, local, and Tribal programs as they develop.

In response to Question 29¹¹, the final rule should not exclude working-capital financing for ongoing operating liquidity. For small businesses served by CDFIs, working capital financing allows a business to expand, grow, or stabilize.

IX. Geographic Flexibility

The Coalition supports greater geographic flexibility in CRA evaluations to encourage banks to invest in underserved communities, particularly rural areas and smaller markets that have historically struggled to attract bank investment. Under the current regulatory framework, CRA unintentionally shifts lending away from certain geographies.

⁹ Question 25: Should the agencies retain the requirement that the activity create, improve, or retain jobs for LMI individuals or in an LMI area in the first category of economic development?

¹⁰ Question 26: Should any of the example government programs included in the third category of economic development (proposed § __.12, definition of economic development paragraph (3)(iii)) be removed from the list of examples? Should additional programs, projects, or initiatives be included in the list of examples?

¹¹ Question 29: Are there activities that would be considered economic development under the current rules that would not qualify under the proposed definition of economic development?

However, we are concerned that Option 1 of the proposal would establish a numerical threshold that could substantially weaken incentives for community development lending and investment. Option 1 would allow banks to receive CRA consideration for community development activities outside their assessment areas after meeting annual thresholds of 0.625% of allocated Tier 1 capital for community development loans and another 0.625% for investments and grants within their assessment areas. According to an analysis by the National Community Reinvestment Coalition, 69 large OCC- and FDIC-regulated banks currently provide approximately \$102 billion annually in community development lending, investments, and grants within their assessment areas, compared to just \$14.8 billion represented by the proposed thresholds. Although intended to provide geographic flexibility, these relatively low thresholds could become benchmarks (in all but name only) that weaken incentives for banks to maintain their current levels of community development lending and investment.

While the low thresholds are concerning, geographic flexibility is an important piece of any CRA overhaul, particularly for rural and Native communities with significant credit needs but few bank branches or CRA assessment areas. The current regulatory framework incentivizes the concentration of community development capital in metropolitan areas (where bank branches are largely located).

X. Maintain Consideration of Affordable Deposit Services

The proposal would eliminate consideration of deposit services in the retail banking evaluation. The agencies describe their intent to “shift CRA-motivated activity toward lending and credit services and away from certain CD activities, in particular grants and deposit services.”

We addressed the importance of grants earlier, but the Coalition also disagrees with the decreased emphasis on deposit services.

The Coalition urges the agencies to restore evaluation of deposit services. CRA consideration of the availability, cost, and features of deposit products provides banks with a regulatory incentive to offer affordable accounts that can help bring unbanked and underbanked households into the banking system.

XI. Provide a Reasonable Transition

In response to Question 59¹², the agencies should provide reasonable transition periods for material changes in data collection, documentation, and reporting. Banks and their CDFI

¹² Question 59: Should the agencies include transition provisions providing for deferred applicability dates for any of the proposed provisions? In particular, should the rules include transition provisions for the proposed: (1) consideration for eligible CD activities provision; (2) strategic plan provisions; (3) new data collection, maintenance, and reporting provisions; or (4) public notice provisions?

partners should not be disadvantaged for transactions entered under existing CRA expectations, and activities that qualified when undertaken should continue to receive consideration during the applicable evaluation period.

XII. Unified Framework

The Coalition urges the federal banking agencies to adopt a single, jointly issued Community Reinvestment Act (CRA) rule rather than proceeding with separate or inconsistent regulatory frameworks. For decades, the Federal Reserve, FDIC, and OCC have maintained consistent CRA regulations, providing banks, regulators, and community development organizations with a unified regulatory framework. Divergent rules would create unnecessary compliance burdens, introduce uncertainty for banks operating under different federal supervisors, and undermine the consistency and effectiveness of CRA. Inconsistent standards could also distort competition among financial institutions and create confusion for CDFIs and other community development partners seeking long-term financing and investment commitments. The Coalition therefore urges the agencies to coordinate closely, secure the participation of all three federal banking regulators, and issue a unified final rule that preserves consistent CRA standards across the banking system.

XIII. General Comment: Bank–CDFI Partnerships at Risk

As previously noted, the threshold changes will eliminate CRA as a motivating factor for community development for 417 large banks and dilute it for hundreds more. The proposed changes will weaken incentives for banks to provide capital and support to CDFIs, increasing the cost of capital in LMI communities. These longstanding CDFI-bank partnerships include:

- Loans and revolving lines of credit to capitalize CDFI lending activities;
 - Equity-equivalent investments (EQ2s) and other long-term, patient capital;
 - Subordinated debt and other investments that strengthen CDFI balance sheets;
 - Deposits in CDFI banks and credit unions;
 - Loan participations, loan purchases, and secondary-market arrangements;
 - Credit enhancements, guarantees, and loan-loss reserves;
 - Warehouse financing and bridge loans;
 - Multibank lending consortiums and pooled community development investments;
 - Joint financing of affordable housing, small businesses, commercial real estate, and community facilities;
 - New Markets Tax Credit investments and financing partnerships;
 - Low-Income Housing Tax Credit investments and affordable housing financing;
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- Financing partnerships supporting Native CDFIs, rural CDFIs, and specialized community development lenders;
- Employee volunteer services, including board participation, credit committee service, underwriting assistance, and financial expertise; and
- Referrals of borrowers who cannot obtain conventional bank financing to CDFIs offering more flexible underwriting and specialized technical assistance.

CDFI-bank partnerships, many of which have been explicitly recognized and encouraged by the OCC and FDIC, support affordable housing, small-business development, childcare, health care, manufacturing, community facilities, food access, homeownership, and other essential community development activities. While the proposal would not eliminate CRA consideration for all these arrangements, reducing the number of banks subject to meaningful community development evaluations would weaken the incentives supporting them.

Conclusion

CRA has helped build durable partnerships between banks and CDFIs and has directed substantial private capital toward small businesses, affordable housing, community facilities, and communities with significant unmet credit needs. The final rule should strengthen those partnerships rather than make them more difficult.

The CDFI Coalition therefore urges the OCC and FDIC to maintain meaningful community development expectations for a broad range of banks; reject a \$10 billion large-bank threshold; require satisfactory community development performance from intermediate banks; expressly recognize the full range of qualifying financing provided to certified CDFIs; eliminate the proposed 15 percent indirect-cost cap; preserve CRA consideration for grants and operating support; provide annual consideration for long-term community development loans and investments; provide meaningful geographic flexibility; preserve recognition of CDFIs under the economic development definition; strengthen consideration for activities serving rural and Native communities; and protect the viability of community development tax incentives.

We appreciate the agencies' consideration of these comments and look forward to working with the OCC and FDIC to ensure that the final CRA regulations continue to encourage safe and sound bank financing that meets the credit needs of communities throughout the country.

Sincerely,

Hank Helton

President, CDFI Coalition

