

THE “COMMUNITY REINVESTMENT ACT”

National Community Reinvestment Coalition

Congress passed the “Community Reinvestment Act” (CRA) in 1977 to address redlining and discrimination in US credit and financial markets. The [CRA establishes that banks](https://tr.ee/Ud7QwC) (<https://tr.ee/Ud7QwC>) have a “continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered” and that banks will be evaluated on their “record of meeting the credit needs of its entire community.” The CRA implements this by directing the Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), and the Federal Reserve (the agencies) to regularly evaluate a bank’s loans, investments, branches, and services to borrowers and census tracts with low-to-moderate incomes (LMI), with penalties for banks that continue to ignore these needs.

The CRA has brought many benefits to LMI communities. Just since 2010, banks have [lent nearly \\$5 trillion](https://ncrc.org/communityreinvestmentact/#Lending) (<https://ncrc.org/communityreinvestmentact/#Lending>) in CRA-qualified mortgages and small business loans throughout the country. Without the CRA, there are fewer opportunities for homeownership and entrepreneurship. When census tracts lose eligibility for CRA-qualified lending, [the number of bank originated home purchase loans](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2991557) (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2991557) decreases by 10-20% in those neighborhoods, and [small business lending declines by nearly 10%](https://tr.ee/i6e7ev) (<https://tr.ee/i6e7ev>) in urban census tracts. The CRA increases the supply of affordable rental housing by driving investment in Low-Income Housing Tax Credits (LIHTC), with banks accounting for 85% of LIHTC investment dollars. Advocates have also successfully used the CRA to negotiate [meaningful community benefits agreements](https://tr.ee/hWu0Nm) (<https://tr.ee/hWu0Nm>) where banks commit to increasing loans and investments in underserved communities, opening branches, and developing new loan products.

However, aspects of the CRA have struggled to keep up with modern banking and technology. In 2023, the agencies attempted to bring the CRA into

the 21st century and address longstanding issues since the CRA was last updated. This was the first comprehensive update to the CRA regulations finalized by all three of the relevant agencies since 1995, and a significantly better framework than the widely criticized approach the OCC [attempted to implement by itself in 2020](https://tr.ee/8YjZAs) (<https://tr.ee/8YjZAs>). The agencies received approximately 950 unique comments on the proposed rule from a wide range of interested parties. Despite the resulting final rule modifying the proposal in numerous ways in response to bank feedback, shortly after the rule was announced, [several bank trade organizations and the Chamber of Commerce](https://tr.ee/YIHzXY) (<https://tr.ee/YIHzXY>) filed a lawsuit to prevent it from being implemented.

In 2025, the agencies [announced their plan to rescind the 2023 CRA regulations](https://tr.ee/79q2Xj) (<https://tr.ee/79q2Xj>) in response to the industry lawsuit and leave the 1995 rules in place. While the [agencies said they would not pursue further regulatory changes](https://tr.ee/nONKPY) (<https://tr.ee/nONKPY>), congressional testimony from the OCC Comptroller in late 2025 indicated that [potentially harmful modifications](https://tr.ee/qlc0iH) (<https://tr.ee/qlc0iH>) could be coming in 2026. There is also the possibility that Congress could attempt to alter the CRA and change its mandate that banks serve the credit needs of all communities. Advocates must be prepared to defend CRA against any harmful rollbacks or rewrites. The long-term prospects for national and local economies that truly provide everyone with a fair shot to succeed is very much tied to the continued strength and relevancy of the CRA, and we simply cannot afford for the CRA to be rolled back.

History and Purpose

Congress passed CRA in 1977 at a time when many banks and other financial institutions would routinely “redline” communities of color and low-income neighborhoods, refusing to invest in them or to extend credit to their residents. Since its enactment, CRA has expanded access to banking services and increased the flow of private capital into LMI communities.

Program and Administration Summary

Three bank regulatory agencies ensure that banks comply with CRA: the Board, the OCC, and the FDIC. These three agencies are charged with evaluating the extent to which banks are meeting local credit needs. This takes the form of a periodic CRA examination of a bank, during which the bank is given a rating for its performance.

Banks are subject to different tests according to their size, as determined by asset thresholds set by the regulators. Large banks undergo a more comprehensive range of tests. The tests assess bank performance across numerous activities which include single-family and multi-family housing lending and investments, as well as other community development needs and services such as housing counseling. Banks receive CRA credit on exams for these activities and can receive downgrades for negative performance (for example, due to fair lending violations). On this basis, CRA exams issue ratings, such as outstanding, satisfactory, needs-to-improve, or substantial noncompliance. As of 2022, about 98% of banks passed their CRA exams on an annual basis with just less than 10% receiving an outstanding rating and almost 90% of them receiving a satisfactory rating. The 2023 rule would have strengthened CRA exams by comparing a bank's lending to demographics and total lending in specific markets, with performance ranges for each possible rating.

Ratings influence banks' public relations and business strategies and failing ratings (needs-to-improve and substantial noncompliance) have additional implications. The federal agencies consider banks' CRA records when ruling on merger applications. A weak CRA record may be grounds for denying a merger application. Although denials are rare, federal agencies occasionally approve merger applications subject to specific conditions around improving CRA and fair lending performance. As described below, mergers also provide the opportunity for community groups to push banks to make specific commitments within community benefit agreements. These commitments can include

housing-related loans and resources and other support for community development.

Results

Because it holds lenders publicly accountable and empowers citizens and communities to engage in the regulatory process, CRA is effective in increasing access to credit and capital for traditionally underserved communities. Since 1996, CRA-covered banks have made over **\$2.5 trillion** (<https://www.prrac.org/pdf/racial-justice-in-housing-finance-series-2021.pdf>) in small business and community development loans in LMI tracts.

A HUD publication (<https://tr.ee/zuJAlr>) reviewed CRA's accomplishments over its 40-year history. Studies conclude that lending is higher in low- and moderate-income census tracts than in tracts with median incomes just above CRA-income thresholds. In addition, the [Penn Institute for Urban Research](https://tr.ee/WfOO5V) (<https://tr.ee/WfOO5V>) also published a series of CRA research and policy papers, one of which found that CRA has prevented branch closures in LMI communities.

CRA also spurs the creation of community benefits agreements (CBAs). During [merger applications](https://www.ncrc.org/ncrc-comments-on-doj-merger-review-guidelines/) (<https://www.ncrc.org/ncrc-comments-on-doj-merger-review-guidelines/>), regulatory agencies and the public at large review the banks' past CRA records and future plans for providing a public benefit after the merger as required by law. These reviews have prompted banks to negotiate community benefit plans with community-based organizations. The plans specify future levels of loans, investments and services to communities of color and LMI neighborhoods.

As just one example, NCRC and our members negotiated a community plan that committed PNC Bank to make **\$88 billion in reinvestment available** (<https://tr.ee/hanR54>) over a four-year time period. The plan included \$47 billion in home purchase lending and \$14.5 billion in community development lending and investment (CDLI) such as investments in housing tax credit programs, economic empowerment and social justice initiatives, as well as loans and investments to Community Development Financial Institutions (CDFIs).

Recent Activities

Advocates, as well as concerned state and local officials, are increasingly looking at how state legislation can fix gaps in federal CRA. [Seven states and the District of Columbia \(https://tr.ee/w33TOM\)](https://tr.ee/w33TOM) have their own state CRA laws that apply to state-chartered banks. Illinois is the most recent state to pass one, with their 2021 law extending CRA to cover state-chartered credit unions and state licensed mortgage companies. Illinois also directs its financial regulator to study disparities in accessing credit by race and other protected classes, and to identify communities that have significant gaps in loans, investments and branch locations. The results of the study can then be factored into the state's CRA exams to assess how well banks, credit unions and mortgage companies are serving those that currently benefit the least from our banking system. Legislators in New Jersey and California also introduced similar state CRA bills in 2025.

On the federal level, several recent bills have focused on measures to strengthen CRA. For example, the "[American Housing and Economic Mobility Act](https://www.congress.gov/bill/117th-congress/senate-bill/1368)" (<https://www.congress.gov/bill/117th-congress/senate-bill/1368>) would strengthen CRA as applied to banks by updating assessment areas to include geographical areas in which banks make considerable numbers of loans and engage in other business activity but do not have branches. It would also mandate the inclusion of mortgage company affiliates on bank CRA exams. Finally, it would expand CRA to include independent mortgage companies.

Tips for Local Success

CRA is vital to promoting safe and sound lending and investing in communities, including in affordable housing and community development. Community organizations are encouraged to comment on CRA exams and merger applications. The federal agencies post lists on their websites every quarter of upcoming CRA exams. Additionally, organizations should establish and expand upon dialogues with CRA officers at banks in their service areas to see how banks can increase their support of affordable housing, and to push for increased investments that support long term affordable housing and avoid displacement. Efforts should include the expansion of housing to high opportunity areas, as well as community development resources for disinvested areas and preservation resources for rising-cost areas.

What To Say to Legislators

Legislative efforts to weaken CRA may arise at any time. Advocates should:

- Oppose bills that would weaken or repeal CRA.
- Support any proposed bills that update and strengthen CRA.
- Ask members of Congress to oppose regulatory efforts to weaken CRA and support those that would strengthen CRA.

An important means to preserving and strengthening CRA is to use it. Comment on CRA exams and merger applications. Engage with the regulatory agencies and insist that their CRA exams and merger reviews are rigorous, including with regard to affordable housing and community development resources.

For More Information

National Community Reinvestment Coalition,
<http://www.ncrc.org/>

This letter covers how the regulatory agencies could enhance the benefits of the CRA by clarifying existing regulations and reversing their recent decision to repeal the updated 2023 regulations. <https://ncrc.org/ncrcs-2025-egrpra-comment-on-the-community-reinvestment-act/>

For CRA exam results, www.ffiec.gov

This CFPB report has detailed information on state CRA laws. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-new-report-on-state-community-reinvestment-laws/>