CDBA
COMMUNITY DEVELOPMENT
BANKERS ASSOCIATION

1201 15th NW Suite 200
Washington, DC 20005
cdbanks.org
202.689.8935

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Via Electronic Submission

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave. NW
Washington, DC 20551

Jennifer M. Jones, Deputy
Executive Secretary
Federal Deposit Insurance Corporation
550 17th St., NW
Washington, DC 20429

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th St., SW, suite 3E-218
Washington, DC 20219

Re: FRB Docket No. R–1869 and RIN 7100-AG95; FDIC RIN 3064–AG13; OCC Docket ID OCC–2025–0005 and RIN 1557–AF30

To Whom It May Concern:

The members of the Community Development Bankers Association (CDBA) respectfully submit the enclosed comments in response to the Notice of Proposed Rulemaking (NPR) published by the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) in the Federal Register on July 18, 2025. The proposed rule would rescind the Community Reinvestment Act (CRA) regulations published in February 2024 and replace them with the CRA regulations in place prior to the effective date of the February 2024 regulations.

CDBA appreciates the agencies' objective of providing clarity and consistency during litigation and the enjoinment of the February 2024 regulations. While we offer no comment on the broader purpose of rescinding those regulations, we note an important clarification within them that merits preservation. Specifically, we request a simple modification of the Interagency Questions and Answers on CRA that would make clear that all banks examined for CRA compliance receive credit for activities undertaken with Community Development Financial Institutions (CDFIs), without regard to geography.

As we explain below, that concept is clearly consistent with the intent of the original CRA legislation, the 1994 legislation that created CDFIs, suggestions from public commenters on CRA regulations, and interagency regulatory opinion.

CDFIS ARE CRITICAL IN SERVING LOW- AND MODERATE-INCOME COMMUNITIES

CDBA is the national trade association for the Community Development Financial Institutions (CDFI) bank sector. CDFIs are private financial institutions that include banks and bank holding companies, as well as credit unions, loan funds, and venture capital funds. CDFIs provide financial products and services to populations and businesses located in low- and moderate-income (LMI) communities.

CDBA members fully support the purposes and objectives of CRA. In enacting CRA nearly 50 years ago, Congress stated that the purpose of CRA was to ensure that regulated financial institutions demonstrate that they "serve the convenience and needs of the communities in which they are chartered to do business." CDFI banks are exemplars of banks making the CRA's "affirmative obligation" an outright priority.

In fact, CDFI banks are in a unique position. As nationally and state-chartered FDIC insured depositories, the agencies examine CDFI banks for the purposes of CRA compliance *and* recognize them as "key in helping to meet the credit needs of LMI individuals and communities"[1] across the nation. Our banks' uniquely CRA-aligned missions mean that clarity and consistency in CRA regulation is especially consequential to the communities CDFI banks serve.

To be certified as a CDFI, a bank must demonstrate to the U.S. Treasury's CDFI Fund that at least 60% of the bank's total activities (lending, investment, and services) are focused on serving LMI communities or people – a high standard.

As a demonstration of the market need for CDFIs, CDFIs generally now have a physical location via their headquarters and/or a branch location in every state and territory in the nation. The states with the largest concentrations of CDFI banks are Mississippi (49), Louisiana (40), Arkansas (19), Alabama (16), and Tennessee (12). Further, the states of Missouri (8), West Virginia (5), Georgia (5) and Texas (5), have seen increased bank CDFI certification over the past six years.

CDFIs demonstrate leadership in revitalizing American communities, mobilizing capital for people and places hard hit by economic disruption, whether resulting from long-term trends, natural disasters, or other economic shocks. Without CDFI banks in particular, many rural and small-town communities would lack adequate access to financial services and investment, which stymies growth and perpetuates poverty.

For example, during the first weeks of the Paycheck Protection Program (PPP), CDFI banks were among "financial first responders" outpacing "large non-community" banks in responding to local demand, reaching very small and hard-to-reach businesses, and especially meeting the needs of non-metro areas.[2]

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[1] 2022 CRA Joint Notice of Proposed Rulemaking; Request for Comment, P. 89

[2] Allen, K. and Whitledge, M., "Further evidence on the effectiveness of community banks in the Paycheck Protection Program," June 2022

More recently, Texas Governor Greg Abbott[3] recognized the value of CDFIs with his announcement of up to $5 million in funding to be made available through the Texas Micro-Business Disaster Recovery (MBDR) Loan Program to facilitate loans from CDFIs to micro-businesses in communities impacted by the recent catastrophic flooding where a local, state, or federal disaster has been declared.

BRIEF HISTORY OF THE COMMUNITY DEVELOPMENT DEFINITION AND THE TREATMENT OF CDFIs

Standards for CDFI certification were not established until the CDFI Fund was established with the enactment of the Riegle Community Development and Regulatory Improvement Act of 1994, 17 years after the passage of the Community Reinvestment Act in 1977. However, in 1995, shortly after the CDFI Fund was established, a new CRA rule was promulgated that included specific mention of transactions (loans or investments) with CDFIs as an example of a qualifying community development activity.

What has been missing is the explicit articulation that community development activities (loans, investments, services) with CDFIs receive CRA consideration, *regardless of geography*, and that community development loans, investments and services undertaken by *any* bank (e.g. not only a "majority-owned institution" in the words of the Q&A) in cooperation with a CDFI will receive consideration. Unfortunately banking regulators do not currently recognize activities conducted with CDFIs by most traditional banks under CRA unless they benefit the non-CDFI bank's assessment area(s) or the broader statewide or regional area that includes the bank's assessment area(s).

It is very important to provide this clarity. Small adjustments have the potential to catalyze the flow of capital to low-income communities. For example, CDFI banks serve communities that have limited means. These institutions must raise deposits and capital to serve their communities. Explicitly articulating recognition for activities conducted with CDFIs regardless of geography would help jumpstart a national response to the need for capital in severely constrained areas, and increase the flow of deposits, investments and other community development focused partnerships.

COMMENTS ON THE NOTICE OF PROPOSED RULEMAKING

Provisions in the 2024 Final Rule Relating to Activities with CDFIs

The 2024 final rule made this important clarification by stating a clear standard for the treatment of community development activities conducted with CDFIs. In the agencies' own summarization: "**All** community development activities with . . . CDFIs receive CRA consideration, **regardless of geography**," and "community development loans, investments and services undertaken **by any bank** in cooperation with these entities will receive consideration."[4] The language in the final rule that formalized those changes is contained across a number of sections within §ll.13, "Consideration of community development loans, community development investments, and community development services."

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[3] Office of the Texas Governor, "Governor Abbott Announces $5 Million In Micro-Business Disaster Recovery Loans Following Texas Flooding," July 15, 2025, gov.texas.gov/news/post/governor-abbott-announces-5-million-in-micro-business-disaster-recovery-loans-following-texas-flooding

[4] Presentation at the MDI and CDFI Bank Partnership Exchange, November 15 and November 16, 2023, Dallas TX, "Community Reinvestment Act Update, Creating Successful Partnerships," Presented by: Jessica Farr, FRB; Pamela Freeman, FDIC; Andrea Shearin, OCC

This standard is plainly valuable, logical and consistent with Congressional intent. Further, it settles a question that dates to the establishment of the CDFI Fund and the promulgation of a new CRA rule one year later, that has been repeatedly raised and reconsidered since.

The 2024 standard for CDFIs was widely supported by the banking industry and community commentators both within and outside the CDFI industry.[5] The clarifications were widely supported precisely for the certainty they provided -- certainty that this "repeal and replace" seeks to preserve.

Precedent to Establish Essential Clarity in Regulatory Guidance, e.g. Interagency Q&A

We strongly urge the agencies to issue guidance clarifying that the clarification noted above is consistent with interagency regulatory opinion.

It is consistent with past practice for the agencies to provide important clarity with an update to the Interagency Q&A. As early as 2007, agencies addressed the question whether "activities in cooperation with community development financial institutions (CDFIs) should be allowed the same broader geographic allowance that the statute allows for activities cooperation with minority- or women owned financial institutions or low-income credit unions."[6] The question has been revisited repeatedly in the years following. It is clearly appropriate to issue new guidance in the context of the standard established in the 2024 rule.

The agencies can ensure clarity with two updates to the 2016 Interagency Q&A. CRA Q&A .21(f)-1, "Activities in Cooperation With Minority- or Women-Owned Financial Institutions and Low-Income Credit Unions." While not the only form of guidance, the Interagency Q&A is the "gold standard" for CRA practitioners as the central and most comprehensive repository of guidance on ensuring CRA compliance outside of the regulation.

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[5] Examples of public comment letters submitted regarding the 2022 joint agency NPR: 1*) Independent Community Bankers of America*, August 5, 2022, "ICBA Priorities – 8. Grant Credit for All Activities Conducted in Partnership with . . . Treasury Department-Certified Community Development Financial Institutions (CDFIs)." 2) *American Bankers Association*, August 5, 2022, "The proposal includes multiple provisions intended to support . . . Treasury Department-certified CDFIs. We support these revisions. In particular, we agree that the lending, investment, and service activities that any bank undertakes in connection with a Treasury Department-certified CDFI should qualify for CRA credit. Positive CRA consideration should not be conditioned on the bank's proximity to the CDFI, as has been the case in the past. This would place CDFIs, including CDFI banks, on equal footing with the treatment provided to MDIs and LICUs. We also request that the agencies expressly include CDFIs in the group of institutions listed in __.13(j)(1). This section provides that "investments, loan participations, and other ventures undertaken by any bank…in cooperation with MDIs, WDIs, or LICUs" will constitute a qualifying CRA activity. We recommend that the agencies add CDFIs to this list, as they are the only CRA-regulated depositories that are annually certified as primarily serving LMI communities. Including CDFIs in __.13(j)(1) would also reinforce __.13(j)(2), which applies to lending, investment, and service activities undertaken with CDFIs more generally." 3) *National Community Reinvestment Coalition*, August 4, 2025, "NCRC supports the proposal to automatically consider bank activities in partnership with a Treasury-certified CDFI to qualify for CRA consideration.") 4) *National Association of Affordable Housing Lenders*, August 5, 2022, "We strongly support CRA credit for banks that partner with CDFIs . . . because they have a long record of reaching underserved people and places."

[6] Federal Register / Vol. 74, No. 3 / Tuesday, January 6, 2009 / Notices, Discussion of the Q&As Being Adopted as Final, New Q&As Proposed in 2007, I. Investments in minority- or women owned financial institutions and low-income credit unions.

Specifically, the agencies can clarify that the "broader geographic criterion" applies to CDFIs by adding the text "Community Development Financial Institution (CDFI) before the acronym "MWLI." Further, the agencies can ensure that all banks which are examined for CRA compliance receive credit for activities undertaken with CDFIs by amending the language to read "any institution subject to CRA compliance" before the words "in cooperation with." Final language would therefore read:

1995 CRA Q&A .21(f)-1	Q&A .21(f)-1 With Suggested Revisions
"Although the regulations generally provide that an institution's CRA activities will be evaluated for the extent to which they benefit the institution's assessment area(s) or broader statewide or regional area that includes the institution's assessment area(s), *the agencies apply a broader geographic criterion when evaluating capital investments, loan participations, and other ventures undertaken by that institution in cooperation with MWFIs.*"	"Although the regulations generally provide that an institution's CRA activities will be evaluated for the extent to which they benefit the institution's assessment area(s) or broader statewide or regional area that includes the institution's assessment area(s), *the agencies apply a broader geographic criterion when evaluating capital investments, loan participations, and other ventures undertaken by any institution subject to the CRA regulation in cooperation with* Community Development Financial Institutions (*CDFIs*) *and MWFIs."*

CLOSING

We respectfully urge the Agencies to recognize the contributions that all CDFIs make in enabling their bank partners to "meet the credit needs of low-or moderate-income individuals and communities" on a nationwide basis, regardless of geography.

Please feel free to contact Brian Blake, Chief Public Policy Officer, at blakeb@pcgloanfund.org, or (202) 689-8935, if you have any questions about the positions in this letter.

Sincerely,

Jeannine Jacokes
Chief Executive Officer

cc: Brian Blake, Chief Public Policy Officer