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Via Federal e-Rulemaking Portal

Chief Counsel's Office
Office of the Comptroller of Currency
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Re: Community Reinvestment Act Regulations (Docket ID OCC-2026-0694; RIN 1557-AF57)

To Whom It May Concern:

Environmental Defense Fund ("EDF") respectfully submits the following comments to the Office of the Comptroller of Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC") in response to their request for feedback regarding their notice of proposed rulemaking, *Community Reinvestment Act Regulations*, published on August 12, 2026 (the "Proposed Rule").[1] EDF is a nonprofit, nonpartisan public interest organization working to strengthen people's ability to thrive in a changing climate with an approach grounded in economics, law, and science – including addressing climate-related financial risks. The documents cited to and relied on in these comments are hereby incorporated by reference as part of the rulemaking record.

Climate change-driven events – like more frequent and severe heat waves, droughts, floods and fires – are on the rise and cause extensive damage to the infrastructure, financial well-being, and health and safety of communities across the U.S.[2] The Community Reinvestment Act ("CRA") awards credit to banks for providing services in low- and moderate-income ("LMI") communities, including formerly redlined communities. Such services can and increasingly do include financing pre-hazard adaptation and resilience activities and post-disaster stabilization

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[1] The Office of the Comptroller of the Currency and The Federal Deposit Insurance Corporation, *Community Reinvestment Act Regulations*, 12 CFR Parts 5, 24, 25, and 35; RIN 1557-AF57 (Aug. 12, 2026) [hereinafter "Proposed Rule"].

[2] Dana Nuccitelli, *The Planet is 'On the Brink of an Irreversible Climate Disaster,' Scientists Warn*, Yale Climate Connections (Oct. 30, 2024), https://yaleclimateconnections.org/2024/10/the-planet-is-on-the-brink-of-an-irreversible-climate-disaster-scientists-warn/; Arriana Salazar-Miranda et al., Long-Term Effects of Redlining on Climate Risk Exposure, 436 NATURE CITIES 437-439 (May 17, 2024); *U.S. Billion-Dollar Weather and Climate Disasters*, Climate Central, (July 28, 2025), https://www.climatecentral.org/climate-services/billion-dollar-disasters (showing over 200 billion-dollar-plus climate and weather disasters costing over $1.6 trillion total in the U.S. over the last 10 years).

and rebuilding.[3] It is vital that banks continue to lend, invest, and provide services to areas that are disproportionately experiencing increased climate risk. However, the Proposed Rule would substantially weaken key CRA requirements based on inadequate explanation and analysis, undercutting the Act's purpose, harming communities, and reducing obligations for banks to provide this important financing. EDF urges the OCC and the FDIC to withdraw the Proposed Rule.

I. Escalating and Unequal Climate Impacts Underscore the Need for Strong Community Reinvestment Act Implementation

As the OCC and the FDIC note in their Proposed Rule, the CRA is meant to encourage financial institutions to help meet the credit and deposit needs of the local communities in which they are chartered to do business, including in LMI neighborhoods. Financial agencies, like the OCC and FDIC, are then responsible for evaluating whether banks are meeting the credit and deposit needs of the *entire* community. This system incentivizes bank lending, investment, and services in communities that have historically faced barriers in accessing credit and capital, making the CRA crucial to preventing discrimination in the financial system and addressing disparities caused by redlining.[4] As a result, if CRA requirements are weakened and banks are less incentivized to lend credit or provide banking services in LMI communities and communities of color, these communities will face more difficulty in securing resources to implement resilience measures and rebuild from the climate disasters they disproportionately face.

Due to historical and ongoing injustices, LMI communities and communities of color face heightened climate risks such as flooding, wildfires, and heat stress.[5] Some of these inequities can be traced back to redlining, a set of racist housing policies that pushed communities of color into less desirable areas, with disparities in environmental hazards that persist to this day.[6] Differential spending on infrastructure, such as sewer systems and disaster assistance, has

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[3] *Community Resilience: Climate Adaptation and the Community Reinvestment Act (CRA)*, Congressional Research Service (Aug. 20, 2021), https://www.congress.gov/crs_external_products/IN/PDF/IN11727/IN11727.2.pdf; *Leveraging CRA For Community-Wide Infrastructure: Protecting Communities is Protecting Assets*, Rebuild By Design (2025), https://rebuildbydesign.org/community-reinvestment-act/. Over half of disaster-declared U.S. counties are CRA-eligible, meaning that there is great potential for the CRA to be used as a post-disaster stabilization and rebuilding tool. The following climate risk mitigation activities count for credit under the CRA: financing renewable energy infrastructure or initiatives, supporting activities related to energy efficiency, investing in water conservation projects, and projects that support the development, rehabilitation or improvement of LMI infrastructure (such as housing or facilities).

[4] *CRA Building Stronger Communities: What is the Community Reinvestment Act and Why Does it Matter*, Fed Communities (2024), https://fedcommunities.org/cra-building-stronger-communities/.

[5] *See* ANNA CASH ET AL., CLIMATE CHANGE DISPLACEMENT IN THE U.S. – A REVIEW OF THE LITERATURE (2020), https://perma.cc/S923-2YNL; Brad Plumer, Nadja Popovich & Brian Palmer, *How Decades of Racist Housing Policy Left Neighborhoods Sweltering*, N.Y. TIMES (Aug. 24, 2020), https://perma.cc/CZ4B-6QAS (explaining how formerly redlined neighborhoods are more likely to suffer from heightened heat stress today); Jesse Keenan et al., *Climate Gentrification: From Theory to Empiricism in Miami-Date County, Florida*, 13 ENV'T RES. LETTERS 054001 (Apr. 2018).

[6] Kriston Capps & Christopher Cannon, *Redlined, Now Flooding*, BLOOMBERG CITYLAB (Mar. 15, 2021), https://www.bloomberg.com/graphics/2021-flood-risk-redlining/; Plumer, Popovich & Palmer, *supra* note **Error! Bookmark not defined.**.

reinforced this divide in risk.[7] Today, a home located in a historically redlined neighborhood in major metro areas of the United States is 20% more likely to suffer high flood risk than a home in a greenlined neighborhood.[8]

Because the CRA awards credit to banks for financing pre-hazard adaptation and resilience activities, as well as post-disaster stabilization and rebuilding, the Act is a critical tool for communities to address climate risks they face. [9] Additionally, as the OCC, the FDIC, and the Federal Reserve note in in their joint guidance on the CRA,[10] clean solutions that save communities money and create jobs, like financing renewable energy,[11] supporting energy efficient improvements in LMI schools,[12] and financing the installation of water conservation equipment[13] can all qualify for CRA credit. These resources help communities build essential infrastructure. As increasingly costly climate-driven disasters are affecting communities in every part of the country, the need for climate resilience activities and durable infrastructure is only rising, and the Proposed Rule would take away vital resources to meet it.

II. The Proposed Rule Would Weaken Community Reinvestment Act Requirements, Harming Low- and Moderate-Income Communities, and Fails to Reckon with These Harms

The OCC and the FDIC state that the goal of the Proposed Rule is "to better align with the statutory mandate, reduce unnecessary burden, and improve clarity,"[14] yet the proposed changes would undermine the statutory mandate and harm communities. The proposed changes include: (1) amending the classification for small, intermediate, and large banks; (2) proposing a reduction in the types of financial services that count for CRA credit;[15] (3) creating a new "data-waiver" authority allowing agencies to exempt banks from specific data requirements; (4)

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[7] Kriston Capps & Christopher Cannon, *Redlined, Now Flooding*, BLOOMBERG CITYLAB (Mar. 15, 2021), https://www.bloomberg.com/graphics/2021-flood-risk-redlining/; Env't Def. Fund, Comments on Request for Information on FEMA Programs, Regulations, and Policies 1 (Jul. 21, 2021), https://www.edf.org/sites/default/files/documents/EDF%20FEMA%20RFI%20Climate%20Chance%20and%20Underserved%20Populations%207.21.21%20%28002%29.pdf ("FEMA . . . provid[es] a critical safety net of support and resources when communities face catastrophic disaster damages. However, long-standing policies and programs have actively exacerbated the natural hazard and socioeconomic vulnerability of underserved communities, as noted in recent analyses of unequal outcomes of post-disaster FEMA assistance along racial lines.").

[8] *Id.*

[9] Dana Nuccitelli, *The Planet is 'On the Brink of an Irreversible Climate Disaster,' Scientists Warn*, Yale Climate Connections (Oct. 30, 2024), https://yaleclimateconnections.org/2024/10/the-planet-is-on-the-brink-of-an-irreversible-climate-disaster-scientists-warn/; Arriana Salazar-Miranda et al., Long-Term Effects of Redlining on Climate Risk Exposure, 436 NATURE CITIES 437-439 (May 17, 2024).

[10] Office of the Comptroller of the Currency, The Federal Reserve System, and The Federal Deposit Insurance Corporation, *Community Reinvestment Act; Interagency Questions and Answers Regarding Community Reinvestment; Guidance*, 81 Fed. Reg. 48506 (July 25, 2016).

[11] *Id*. at 48511-12.

[12] *Id*. at 48512.

[13] *Id*.

[14] *Id*. at 52115.

[15] *Id*. at 52120, 52117. The Proposed Rule could narrow the product lines considered for CRA credit to just consumer, home mortgage, small business, and small farm loans. Under the current CRA framework, the appropriate agency evaluates a bank's (1) retail lending, including consumer, home mortgage, small business, and small farm lending; (2) its community development lending; and (3) more specific product lines, including motor vehicle, credit card, other secured, and other unsecured loans.

introducing a "floor" for how much banks should invest in community development within their geographic area; and (5) shifting strategic plan bench-marks to performance goals that are lower than historical levels. These changes would reduce access to financial services in LMI communities while reducing transparency and accountability.

The Proposed Rule would create new classifications for small, intermediate, and large banks by raising asset-thresholds.[16] Current CRA regulatory requirements categorize a bank as small if it has assets less than $1.649 billion[17]—the Proposed Rule would change that number to less than $10 billion.[18] Current rules classify intermediate banks as a subset of small banks that have assets between $412 million-$1.649 billion[19]—the Proposed Rule would shift that range to $1 billion-$10 billion.[20] Finally, current rules classify large banks as any bank with assets greater than $1.649 billion[21]—the Proposed Rule would change that threshold to any bank with over $10 billion in assets.[22]

These recategorizations are significant because, under the CRA framework, large and intermediate sized banks have more obligations than small banks. To complete the CRA's examination procedure, large banks must successfully pass the lending test (including a review of loan data, with an emphasis on community and underserved area loans), the investment test (including an analysis of investments in community development projects), the service test (including an assessment of services provided to LMI communities), and a data collection test (a large bank must successfully collect and report CRA loan data for at least one full year before the large bank exam can be conducted).[23] For intermediate banks to complete the CRA's examination procedure, they must pass the lending test and the community development test (an assessment of community development activities, including investments and services).[24] Small banks must only pass a streamlined version of the lending test.[25]

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[16] *Id*.
[17] *Id.* at 52116.
[18] *Id.* at 52121.
[19] *Id.* at 52116.
[20] *Id.* at 52121.
[21] *Id.* at 52116.
[22] *Id.* at 52121.
[23] *Community Reinvestment Act (CRA): Evaluation Methods*, Board of the Governors of the Federal Reserve System (July 16, 2025), https://www.federalreserve.gov/consumerscommunities/cra_exam.htm; *Community Reinvestment Act: Examinations*, Federal Financial Institutions Examination Council (June 1, 2026), https://www.ffiec.gov/data/cra/examinations; *Explanation of the Community Reinvestment Act (CRA) Asset-Size Threshold Change*, Federal Financial Institutions Examination Council (June 1, 2026), https://www.ffiec.gov/sites/default/files/data/cra/pdf/2025_Asset_Size_Threshold.pdf; *Sample Large Institution Performance Evaluation*, Federal Financial Institutions Examination Council (Sept. 2005), https://www.ffiec.gov/sites/default/files/data/cra/pdf/ex_instruct_l.pdf.
[24] *Community Reinvestment Act (CRA): Evaluation Methods*, Board of the Governors of the Federal Reserve System (July 16, 2025), https://www.federalreserve.gov/consumerscommunities/cra_exam.htm; *Sample Intermediate Small Institution Performance Evaluation*, Federal Financial Institutions Examination Council (Sept. 2005), https://www.ffiec.gov/sites/default/files/data/cra/pdf/ex_instruct_sinter.pdf.
[25] *Community Reinvestment Act (CRA): Evaluation Methods*, Board of the Governors of the Federal Reserve System (July 16, 2025), https://www.federalreserve.gov/consumerscommunities/cra_exam.htm; *Sample Small Institution Performance Evaluation*, Federal Financial Institutions Examination Council (Sept. 2005), https://www.ffiec.gov/sites/default/files/data/cra/pdf/Small_Bank-single_AA.pdf.

By the OCC and FDIC's own estimates, the Proposed Rule would move about 800 banks from intermediate to small, allowing these banks to completely bypass the community development test.[26] Since the community development test measures a bank's record of providing services that benefit LMI communities, bypassing the test could mean that banks receive fewer consequences for decreased lending, investment, and services in LMI communities.[27] Currently, banks that do not pass the community development test may be subject to regulatory action, such as a corrective action plan to improve community development performances or a denial of branch or product approvals.[28] The agencies also estimate that 376 banks would move from large banks to intermediate banks, avoiding the more robust data and lending requirements for large banks.[29] Ultimately, 79.8% of all CRA-subject banks under OCC and FDIC supervision would be classified as small banks under the Proposed Rule's new thresholds.[30]

By reducing banks' CRA classifications, and therefore obligations, the Proposed Rule would decrease access to capital and credit for people and businesses in LMI communities. Fundamentally, the CRA incentivizes bank lending, investment, and services in communities that have historically faced barriers in accessing credit and capital, and these proposed changes would increase the risk of discrimination in the financial system.[31] Additionally, a reduction in data collection requirements for reclassified banks could lead to a dearth of data on community development activities.[32] Community organizers, researchers, and other stakeholders rely on CRA data to evaluate bank performance in local communities, and less data would mean a reduction in transparency. However, the Proposed Rule does not address these negative impacts to LMI communities, even though it acknowledges that its changes will "reduce the associated data collection, maintenance, and reporting requirements" for many banks.[33] Instead, the Proposed Rule justifies its reclassification of bank sizes by emphasizing that there will be a reduction of CRA regulatory burdens on banks.[34] The Proposed Rule broadly claims that banks will be able to "meet the credit needs of their communities without the burden of regulatory requirements" but does not explain how banks will be incentivized to continue lending and supporting community development activities without appropriate guidance.[35]

Outside of its bank reclassification, the Proposed Rule would weaken current CRA regulations in at least four other significant ways: (1) its proposal of a reduction in non-major product lines; (2) its creation of a "data waiver" authority; (3) its suggestion of a low "floor" for how much banks should invest in community development within their geographic area; and (4) its funneling of more banks into the strategic plan option and its associated low performance goals under current guidance.

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[26] Proposed Rule at 52160, 52166.
[27] 12 CFR § 345.25 (2025).
[28] *Id*. at § 345.21.
[29] Proposed Rule at 52160, 52166.
[30] *Id*. at 52121.
[31] *CRA Building Stronger Communities: What is the Community Reinvestment Act and Why Does it Matter*, Fed Communities (2024), https://fedcommunities.org/cra-building-stronger-communities/.
[32] *The Proposed 2026 CRA Rollbacks: Key Takeaways and Why it Matters*, National Community Reinvestment Coalition (Aug 3, 2026), https://ncrc.org/2026-cra-rollbacks/.
[33] Proposed Rule at 52121.
[34] *Id*.
[35] *Id.*

By reducing non-major product lines, the Proposed Rule would allow for a reduction in the scope of lending evaluation, since banks would no longer need to document lending in non-major product categories. This could lead to a decrease in the diversity of lending, with banks focused solely on only a few categories of banking products (consumer, home mortgage, small business, and small farm loans), and not on others like community development lending and other types of loans.[36] Additionally, by creating a "data waiver" authority, the Proposed Rule would allow agencies to exempt banks from specific data requirements. This would create another mechanism for agencies to exempt banks from providing data that the CRA traditionally has required, which could reduce comparability of CRA data across banks over time. But the Proposed Rule does not provide a satisfactory analysis of this data reduction, nor explain how an admittedly "negative impact on communities"[37] squares away with the purpose of the CRA. Instead, the Proposed Rule states that any small reduction in lending to LMI communities will be outweighed by the benefits to banks of reducing regulatory burdens.[38]

Next, the Proposed Rule introduces an informal "floor" regarding how much banks should invest in community development activities relative to a bank's capital within its assessment areas. The Proposed Rule recommends that large banks invest the equivalent of at least 0.625% of their assessment area's capital in community development activities,[39] which is more than ten times lower than how much banks are currently investing in community development activities on average.[40] By creating such a low floor, the Proposed Rule's recommendation risks leading banks to invest much less in community development than they currently do. Yet the Proposed Rule does not address this problem, nor acknowledge that banks currently invest a much higher amount of capital in community development activities. Rather, the Proposed Rule notes that the new standards would "generally reflect the minimum level of [community development] activity, absent consideration of other factors, that a bank would be expected to conduct to not receive a 'needs to improve' rating."[41] With this suggested minimum proposed, banks could be disincentivized from continuing their current level of investment.

Finally, the Proposed Rule could lead more banks to take the alternative "strategic plan" compliance route, which could further disincentivize banks from lending and investing in LMI communities given December 2025 strategic plan guidance with very low performance targets.[42] From 2016 to 2020, banks with $30 billion or less in assets had a median combined community development lending and investment of approximately 0.70% of total assets.[43] However, for this same asset category of banks, the 2025 guidance sets "outstanding" lending and investment

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[36] Proposed Rule at 52120.
[37] *Id*. at 52124.
[38] *Id*.
[39] *Id*. at 52139.
[40] *CRA's New Benchmark Could Put 85% Of Current Community Development Activity At Risk*, NCRC (Sept 10, 2026), https://ncrc.org/cras-new-benchmark-could-put-85percent-of-current-community-development-activity-at-risk/.
[41] Proposed Rule at 52140.
[42] Office of the Comptroller of the Currency, Community Reinvestment Act: Simplified Strategic Plan Process for Community Banks, 90 Fed. Reg. 59744 (Dec. 22, 2025).
[43] *The Proposed CRA Rule's Strategic Plans: A More Predictable Path To Doing Less*, NCRC (Sept. 1, 2026), https://ncrc.org/the-proposed-cra-rules-strategic-plans-a-more-predictable-path-to-doing-less/.

performance goals as 0.20% to 0.40% of total assets.[44] The Proposed Rule expressly aims to "mak[e] the strategic plan option a viable choice for more banks" by making the associated requirements "less burdensome."[45] By increasing the number of banks complying via strategic plan, combined with current strategic plan guidance that sets uppermost performance goals so far below what banks are currently investing in community development, the Proposed Rule risks disincentivizing banks from continuing this level of investment. However, the Proposed Rule does not acknowledge this risk, instead touting the benefits of reducing the "regulatory burden associated with the CRA stemming from the qualitative evaluation framework provided in the current rules' performance test and standards."[46]

The Proposed Rule would weaken current CRA regulations by reducing banks' CRA classifications, decreasing data transparency requirements, and allowing performance goals far below current community development investments. This could have devastating consequences for LMI communities, as the Proposed Rule would reduce banks' incentives to lend, invest, and provide services in these areas. Additionally, stakeholders would have greatly lessened data to evaluate banks' community development activities.

III. The Proposed Rule's Failures to Meaningfully Grapple with Harms to Low- and Moderate-Income Communities Render it Arbitrary and Capricious

The Proposed Rule's preamble and economic analysis focus heavily on the agencies' estimation that reducing compliance burdens for banks will reduce costs associated with the CRA. However, while the Proposed Rule acknowledges that its framework would result in "decreased data collection, maintenance, and reporting requirements"[47] for both OCC and FDIC supervised banks, the rule does not grapple with the consequences this would have for LMI communities. Instead, the Proposed Rule preamble claims that "any small reduction in lending may be outweighed by the benefits of reducing burden for banks, which would allow them to focus CRA resources on other retail lending or [community development] activities."[48] Yet the economic analysis makes no attempt to quantify this supposedly small reduction nor does the preamble justify why the agencies would expect banks to direct more resources to community development when the Proposed Rule weakens requirements to do so.

The Proposed Rule preamble states that "agencies expect [these rule] would enable … banks to meet the credit needs of their communities without the burden of regulatory requirements."[49] However, there is no discussion of how banks will continue to fulfill LMI communities' investment, lending, and banking needs with this clear reduction in regulatory oversight. Nor is there an analysis of how the Proposed Rule's reduction in data collection and reporting requirements will result in decreased transparency and accountability, impacting community organizers, researchers, and other stakeholders.

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[44] Office of the Comptroller of the Currency, Community Reinvestment Act: Simplified Strategic Plan Process for Community Banks, 90 Fed. Reg. 59744, 59762-63 (Dec. 22, 2025) (Appendix A).
[45] Proposed Rule at 52141.
[46] *Id*.
[47] *Id*.at 52162, 52166.
[48] *Id*. at 52124.
[49] *Id*. at 52120.

Without balancing its economic analysis by addressing these implications of a reduction in community development activities, the Proposed Rule fails to analyze an important aspect of the problem the CRA was designed to solve. Nor does it create a rational connection between the facts it has found and the choices it has made, or a reasonable explanation. Instead, the Proposed Rule seems to repeatedly offer explanations for its decisions that run counter to the evidence before the agency and counter to the CRA's purpose itself, rendering it arbitrary and capricious.

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EDF thanks the OCC and the FDIC for their consideration of these comments.

Respectfully submitted,

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