

October 2, 2026

Via electronic submission

Jonathan V. Gould
Comptroller of the Currency (OCC)
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219
Attn: Chief Counsel's Office
Via: Federal eRulemaking Portal – .regulations.gov

Travis Hill, Chairman
Federal Deposit Insurance Corporation (FDIC)
550 17th Street, NW
Washington, DC 20429

[Via email to Comments@fdic.gov]

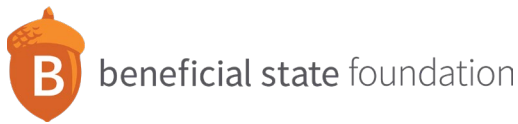
Re: Comment in Opposition to OCC and FDIC Notice of Proposed Rulemaking on
Community Reinvestment Act Regulations [OCC Docket ID OCC-2026-0694; RIN 1557-
AF57] [FDIC RIN 3064-AG31]

Dear Comptroller Gould and Chairman Hill:

Beneficial State Foundation submits this comment in opposition to the Notice of Proposed Rulemaking referenced above (CRA NPRM) issued by the Office of the Comptroller of Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC)¹ because it would significantly weaken the Community Reinvestment Act (CRA). In addition, given the complexity of the rule and scope of the changes, we also request that the OCC and FDIC, before making any proposed changes, carefully analyze the likely consequences for low- and moderate-income communities, provide an opportunity to comment on the analysis and evidence the agencies identify supporting any changes, and extend the current comment deadline by 60-days.

[Beneficial State Foundation](#) is a nonprofit that equips and connects bank leaders to create financial wellbeing for all. We offer leadership training and consulting for bankers and

¹ Community Reinvestment Regulations, 91 Fed. Reg. 52121 (proposed Aug. 12, 2026).



advocate for a banking system that serves everyone. Our Equitable Bank Standards, co-designed with leaders across the banking industry, offer clear guidelines for financial institutions to meet their community reinvestment obligations and advance financial inclusion. We are the founding investor-owner of Beneficial State Bank, a state-chartered, federally insured bank with branches in California, Oregon, and Washington. We are also a member of several banking associations and community advocacy coalitions, including the National Community Reinvestment Coalition. Our comments below reflect our observations and concerns as both a national nonprofit and a regional bank owner, as indicated throughout.

For nearly fifty years, the CRA has been an important part of the federal framework for ensuring that banks meet the credit needs of their entire communities, including low- and moderate-income neighborhoods. Congress also recognized that communities depend on access to both credit and deposit services. These protections remain especially important in communities that have experienced redlining, disinvestment, branch loss and unequal access to mainstream financial services.

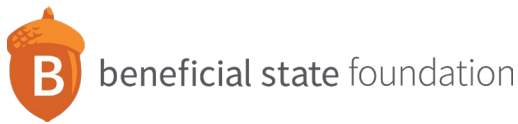
The proposed rule would substantially reduce or narrow CRA scrutiny for banks and would change how regulators evaluate community development, bank services and support for nonprofit organizations. We are concerned that these changes are being considered without an adequate analysis of their likely effects on low- and moderate-income communities and on communities that have experienced historic discrimination and disinvestment.

REDUCTION IN COMMUNITY INVESTMENT EXPECTATIONS FOR ALL BANKS

CRA obligations incentivize banks to invest in their entire communities. In our community, from 2010-2024, banks made \$416,844,611,000 in CRA qualified mortgage lending to LMI borrowers or in LMI census tracts and \$116,943,486,000 in CRA qualified lending to small businesses. These totals are based on our affiliate Beneficial State Bank's metropolitan statistical areas of Portland, Seattle, San Francisco/Oakland, Los Angeles, Fresno, Santa Rosa, Sacramento, and Bakersfield. Investments such as these benefited our community by preserving affordable homeownership opportunities in some of the most expensive housing markets in the country, financing small business formation and growth, creating high-quality jobs, and supporting thriving local economies.

We are concerned that the CRA proposed rule upends banks' incentives to invest in communities. For example, it suggests that a total of just 0.625% of a bank's Tier 1 capital devoted to either community development loans or investments would be enough to receive a passing CRA rating.² However, that percentage is far lower than the percentage the

² The agencies have proposed that banks receive CRA credit for outside their assessment areas if the banks surpass a benchmark of 0.625% of its tier 1 capital for community development loans and likewise 0.625% for investments. 91 Fed. Reg. 52121, 52140 (proposed Aug. 12, 2026). We are concerned that the practical effect of this proposal is that the benchmark will serve not as a floor, but a ceiling.



National Community Reinvestment Coalition (NCRC) determined the largest banks currently devote to community investments and loans.

NCRC analyzed the most recent CRA performance evaluations of all sixty-nine of the OCC and FDIC supervised banks in the top 100 banks by assets. NCRC found that these banks currently conduct approximately \$102 billion annually in community development loans and investments inside their assessment areas, and that the median percentage of annual community development lending in assessment areas was 6.8% of tier 1 capital, and a median of 3.6% of tier 1 capital for annual CRA qualified investments.³ If each bank instead conducted only the amount necessary to meet separate thresholds of 0.625% of Tier 1 capital for community development lending and investments, combined activity would fall to approximately \$14.9 billion annually -- a decrease of approximately \$87.1 billion, or 85%. Similarly, the proposal encourages banks to use strategic plans to make their CRA compliance easier and more predictable. Previous proposed guidance also set strategic plan benchmarks for CRA performance well-below historical levels of community development activity.⁴

Low- and moderate-income communities and those that have experienced historic discrimination cannot withstand such a reduction in community development investments and loans. If regulators lower the expectations for banks to invest in, lend to, and be accountable to the communities they serve, there could be harmful consequences for communities. In our banking leadership cohort programs across the country, we hear from bankers everywhere that LMI families continue to struggle to obtain affordable mortgage credit and small business owners continue to face a small business loan market full of predatory lenders. According to federal government data, one in four Black⁵ and Hispanic households lack access to basic financial services, and Black and Hispanic mortgage applicants are rejected at rates nearly twice⁶ that of white applicants with similar financial profiles. Furthermore, while many metropolitan areas like the ones where our affiliate Beneficial State Bank operates boast deep banking markets, this is not equally distributed at the neighborhood level. Neighborhoods within these areas are banking deserts in which many predatory financial service providers are the only locally available option for neighborhood residents (e.g. East Oakland, Richmond, parts of San Jose in the San Francisco Bay Area; South Sacramento; South and East Los Angeles, East Portland). When people are

³ NCRC, *CRA's New Benchmark Could Put 84% of Current Community Development Activity at Risk*, (Sept. 10, 2026), <https://ncrc.org/cras-new-benchmark-could-put-85percent-of-current-community-development-activity-at-risk/>.

⁴ NCRC, *The Proposed CRA Rule's Strategic Plans: A More Predictable Path to Doing Less* (Sept 1, 2026), <https://ncrc.org/the-proposed-cra-rules-strategic-plans-a-more-predictable-path-to-doing-less/>.

⁵ FDIC, *2023 FDIC Survey of Unbanked and Underbanked Households*, <https://www.fdic.gov/household-survey>.

⁶ Bhutta, Neil, Aurel Hizmo, and Daniel Ringo (2022). "How Much Does Racial Bias Affect Mortgage Lending? Evidence from Human and Algorithmic Credit Decisions," Finance and Economics Discussion Series 2022-067. Washington: Board of Governors of the Federal Reserve System, <https://doi.org/10.17016/FEDS.2022.067>.

systematically excluded from wealth-building opportunities, the impacts ripple across families, neighborhoods, and whole communities. It is imperative that the CRA continues to incentivize banks to meet community needs. Before finalizing the rule, the agencies should analyze whether the proposed changes would reduce lending, services or investment available to low- and moderate-income communities and whether communities that have experienced historic discrimination or disinvestment would be disproportionately affected.

LESS COMMUNITY DEVELOPMENT SCRUTINY OF BANKS

The proposal would substantially raise the asset thresholds that determine how banks are evaluated under CRA. Banks with assets below \$1 billion would be treated as small banks, while banks with assets between \$1 billion and \$10 billion would generally be evaluated under the less demanding intermediate-bank framework rather than the more comprehensive tests applied to large banks.⁷ The proposal would also eliminate several CRA data collection and reporting requirements currently applicable to large banks for institutions with \$10 billion or less in assets, including reporting on small-business, small-farm and community development lending.⁸

Approximately 800 banks would no longer receive a community development evaluation because the proposal would raise the small-bank threshold from \$412 million to \$1 billion.⁹ The 417 banks newly classified as intermediate rather than large would no longer be examined under separate CRA investment and services tests and instead would be evaluated based on their combined community development loans, investments and services. These reclassifications and resulting eliminations of community development obligations for over 800 banks and separate investment evaluations for 400 banks, may worsen the housing crisis by reducing the demand for Low-Income Housing Tax Credits (LIHTC).

In California, where we are headquartered, nearly 20% of banks will lose their community development obligations and 51% of banks will lose their large-bank status, reducing the CRA-related scrutiny of financial actors who have a huge impact on the health of local economies. Louisiana, where one of the lenders in our educational cohort is based, will lose nearly 50% of their community development obligations for banks in the state and 58% of their branches in LMI communities will be jeopardized by the proposed CRA changes. Nineteen percent of small business data in the state will be lost, making it harder for banks to measure community credit needs and whether they are meeting them.

This need for regulatory scrutiny on whether banks are serving the needs of low- and moderate-income communities remains substantial. Families continue to face barriers to affordable mortgage credit and homeownership; entrepreneurs struggle to obtain

⁷ *Community Reinvestment Act Regulations*, 91 Fed. Reg. 52,114, 52,120–23 (proposed Aug. 12, 2026).

⁸ *Id.* at 52,120.

⁹ NCRC, *The Proposed 2026 CRA Rollbacks: Key Takeaways and Why it Matters* (Aug. 3, 2026), <https://ncrc.org/2026-cra-rollbacks/>.

responsible small-business financing; and neighborhoods continue to need investment in affordable housing, small businesses and other community development. These barriers are especially pronounced for women and people of color in LMI communities. By almost every metric, women-owned businesses and minority-owned businesses continue to receive less loan capital and less favorable loan terms. Similar trends can be observed in mortgage markets. For example, in Texas, where one of the lenders in our educational cohort is based, Black and Hispanic borrowers face higher interest rates and more denials on lower-valued properties.¹⁰ Without CRA scrutiny to examine whether and to what extent banks are meeting their community reinvestment obligations, these trends will certainly persist and worsen.

The agencies have not shown that these community needs become less significant simply because a bank falls below a higher asset threshold. Before substantially reducing the CRA obligations and scrutiny applied to these institutions, the agencies should identify the banks that would move into less rigorous examination categories, determine the communities those institutions serve, analyze the lending and community development activity that would receive less scrutiny, and assess whether the effects would be concentrated in low- and moderate-income communities or communities that have experienced historic discrimination and disinvestment.

PROPOSAL WILL MAKE HOLDING BANKS ACCOUNTABLE HARDER

Under the current rule, banks above the large bank threshold annually collect and report data on small business loans, small farm loans, and community development loans. The proposal would limit these requirements to banks with more than \$10 billion in assets. Over 400 banks with assets of \$10 billion or less would no longer be required to annually collect and report CRA data on small business loans, small-farm loans, and community development loans. Without meaningful data, communities, regulators, and researchers would have less information to identify credit deserts, compare bank performance or understand whether local credit needs are being met. Our educational programs for bankers often point to banking and other economic data to demonstrate where credit markets are successfully or inadequately meeting community needs. We rely on CRA-related and other regulatory data to provide visibility into industry trends so we can design and test solutions that help banks develop more inclusive practices. Without loan and investment data, it will also become much harder for banks themselves to understand their own markets, competitive landscape, and impact.

According to NCRC, the proposal would eliminate 11% of CRA small business lending data reporting nationwide. Specifically in California, where we are headquartered, the loss of small business data would eliminate a critically important dataset, as small businesses represent

¹⁰ Rice University Kinder Institute for Urban Research, *The 2022 State of Housing in Harris County and Houston* (June 22, 2022). <https://kinder.rice.edu/research/2022-state-housing-harris-county-and-houston>

99.9% of all businesses in the state and employ nearly half of all employees in the state.¹¹ Limiting data about the lending activities in this huge sector of the state's economy would hinder state, regional, and local efforts to track and improve economic development outcomes.

Before reducing reporting requirements, the agencies should analyze the impact doing so will have for people with low- and moderate-incomes or low- and moderate-income communities, including whether it could result in a reduction in small business, small farm, or community development lending. In addition, the agencies should explain why changing the standard is consistent with the CRA's requirement to assess banks' records of meeting the credit needs of entire communities, including low- and moderate-income communities.

CONCLUSION

Prior to issuing the proposed rule, the OCC and FDIC did not:

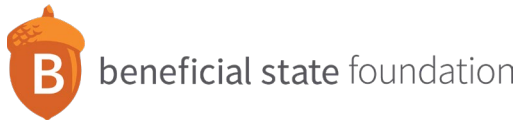
- identify which low- and moderate-income communities would receive less CRA scrutiny under the proposal;
- quantify changes in the branches, lending, investments, services and community development activities subject to CRA evaluation;
- assess whether the effects are concentrated in particular geographic areas or populations, including rural communities and communities of color;
- consider reasonable alternatives that would reduce regulatory burden without sacrificing meaningful community accountability.

Given their failure to do so and the concerns described above, Beneficial State Foundation believes that the OCC and FDIC should rescind this proposal until a more thorough analysis of its impacts is prepared and released for public comment. This proposal likely needs considerable changes to prevent significant declines in CRA-related activity.

The CRA remains an essential mechanism for ensuring that banks are accountable for meeting community credit needs. The agencies should not finalize changes that materially weaken that accountability without first demonstrating that the changes are consistent with CRA's purpose of meeting the credit needs of entire communities, including low- and moderate-income neighborhoods.

We also urge the OCC and FDIC to extend the comment period to a total of at least 120 days. The proposal is more than 100 Federal Register pages long and would make significant changes to bank classifications, community development, branch and service evaluations,

¹¹ US Small Business Administration Office of Advocacy, "2024 Small Business Profile: California" . <https://advocacy.sba.gov/wp-content/uploads/2024/11/California.pdf>



nonprofit grants and other core elements of CRA implementation. The current comment period closes on October 13, 2026.

Given the breadth of the proposal and the importance of obtaining meaningful input from community organizations, civil rights groups, local affiliates and other stakeholders that do not have dedicated regulatory staff, additional time is warranted. An extension would allow affected organizations to evaluate the proposal's practical consequences, gather examples from the communities they serve, and provide the agencies with a more complete record on which to base any final rule. We therefore request that the agencies extend the October 13, 2026 comment deadline by at least 60 days.

Sincerely,

A handwritten signature in blue ink that reads "Erin Kilmer-Neel". The signature is written in a cursive, flowing style.

**Erin Kilmer-Neel, Executive Director
Beneficial State Foundation**

cc. National Community Reinvestment Coalition