



PROPOSED COMMUNITY REINVESTMENT ACT (CRA) OVERHAUL

On May 5, 2022, federal banking regulators jointly issued a [proposal](#) to modernize the CRA, offering a broad range of changes, including:

- Reclassifying small, intermediate and large banks
- Implementing new qualitative and quantitative test processes
- Clarifying what constitutes Community Development (CD)

Potential Changes

CURRENT

Small Banks (assets of **less than \$346 million**) - Evaluated under Lending Test; may receive "Outstanding" rating based solely on retail lending performance.

Intermediate Banks (assets of **\$346 million to \$1.384 billion**) - Evaluated under Lending Test for small banks and CD Test.

Large Banks (assets of **more than \$1.384 billion**) - Evaluated under separate lending, investment, and services tests.

PROPOSED

Small Banks (assets of **less than \$600 million**) - No change unless bank opts into new Retail Lending Test or requests consideration of other qualifying CRA activities.

Intermediate Banks (assets of **\$600 million to less than \$2 billion**) - Evaluated under Retail Lending Test and CD Test; may opt in for CD Financing Test.

Large Banks (assets of **\$2 billion or more**) - Evaluated under new Retail Lending Test, Retail Services and Products Test, CD Financing Test, and CD Services Test.

Additional Highlights

A limited sample of additional topics addressed in the proposal:

- Emphasis that CRA and Fair Lending are "mutually reinforcing" and provisions that CRA ratings can be downgraded as a result of discriminatory practices or redlining.
- Provision of additional information to the public in large bank CRA performance evaluations, using HMDA data to reflect distribution by race and ethnicity of a bank's loan originations in each Assessment Area (AA).
- Update of the CRA AA approach to evaluate performance in "facility-based AAs" for all banks, and in retail assessment areas for large banks.
- Definition of Community Development (CD). To be considered under CRA tests, activities must have CD as their primary purpose. CD encompasses affordable housing, community services, economic development, revitalization and stabilization, with emphasis on community needs, especially those of low- and moderate-income individuals, communities, small businesses, and small farms.
- Addition of data collection for large banks with assets of more than \$10 billion.



Lenders are encouraged to answer specific "Request for Feedback" questions in various sections of the proposal. All comments and answers must be received by **August 5**.

To provide your input or feedback to the regulators, [submit comments here](#).

