

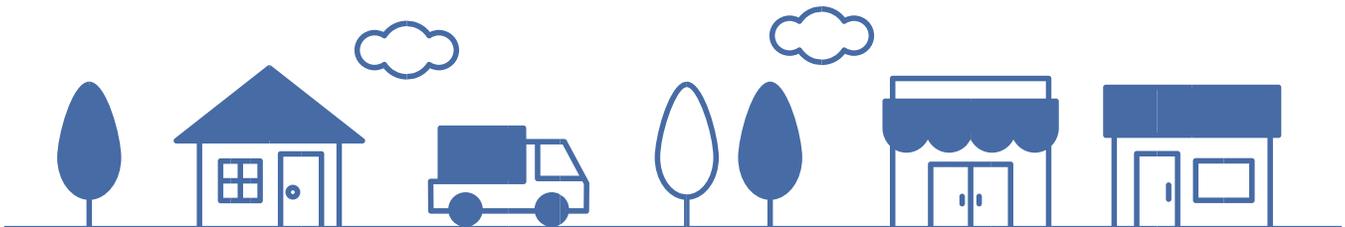
Community Reinvestment Act Fact Sheet

Facts about the final rule to strengthen the Community Reinvestment Act regulations



Community Reinvestment Act (CRA) regulations haven't been updated since 1995, but consumers bank differently today, and the banking industry has changed.

- Ninety-four percent of the stakeholders' comments on OCC's 2018 advance notice of proposed rulemaking supported change. Ninety-eight percent thought CRA regulations are applied inconsistently, and 88 percent said they are hard to understand.
- The OCC published the final rule to make the CRA work better for everyone and encourage more lending, investment, and services in communities that banks serve, including low- and moderate-income neighborhoods.
- The rule improves the CRA regulation by:
 1. **Clarifying** what counts for CRA credit.
 2. Updating **where** bank activity counts.
 3. **Evaluating** CRA performance more **objectively**.
 4. Making CRA reporting **more transparent and timelier**.
- The rule increases support to small businesses, and small and family-owned farms.
- The rule makes capital more accessible in Indian Country and rural and distressed areas.
- The rule fights harmful gentrification and displacement by focusing on activities that benefit LMI populations and areas.
- The rule helps to reduce banking deserts by providing more credit for branches that serve LMI areas and clarifying when banks can receive credit for CRA activities outside their assessment areas.
- The rule eliminates guesswork by providing clear criteria for what qualifies for CRA consideration and by requiring the agency to publish an illustrative list of what counts.
- The rule makes evaluating CRA performance more objective by assessing the units and dollars of CRA activity equally and requiring examiners to consider performance context and evidence of discrimination and illegal credit activity before assigning final ratings.



- The rule does not change the agency’s authority or obligation to fight discrimination and other illegal practices.
- The rule covers national banks and savings associations that conduct the majority of all CRA activity.
- The rule was developed through a multiyear process that included extensive stakeholder participation and more than 7,500 comments on the proposed rule.
- The OCC carefully considered all the comments and made changes based on those comments to improve the final rule.
- The new rule accommodates banks of all sizes and business models by allowing small banks to opt in to the new evaluation framework and preserves community development obligations for intermediate small banks.
- The rule encourages banks to make long-term investments to support community development by evaluating on-book activities while providing full credit for mortgages to increase affordable housing.
- Bank branches are still important! Banks will continue to be graded on how well they meet the needs around branches.
- The rule requires the agency to evaluate internet banks’ CRA performance, too. Banks that operate without branches or draw most of their deposits from outside their branch-based assessment areas must designate additional deposit-based assessment areas where their CRA performance would be assessed.
- Under the new rule, examiners will evaluate banks’ performance in all its assessment areas, not just a sample of them.



- The rule provides an ample phase-in period to allow banks to adjust to the new evaluation framework and recordkeeping. The phase-in period also gives community stakeholders time to understand the changes.
- Current CRA data are incomplete and flawed in important ways. The final rule requires banks to submit better data that the OCC will use to set thresholds for grading banks’ CRA performance and delineating banks’ deposit-based assessment areas before it begins using the new evaluation method.
- The rule was informed by more than a decade of stakeholder dialogue as well as recommendations from the Treasury Department and feedback gathered by the Federal Reserve. It was shaped by thousands of conversations, tours of areas that rely on CRA activity, and thousands of comments on an Advance Notice of Proposed Rulemaking and a Notice of Proposed Rulemaking.
- The rule keeps CRA a relevant and powerful tool for supporting communities and promoting civil rights through greater economic opportunity for decades to come.
- Visit www.occ.gov/cra for more information.