COMMENT LETTER

FDIC, OCC Community Reinvestment Act Regulations Proposal

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Deputy Executive Secretary
Attention: Comments—RIN 3064-AG31
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Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
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Re: *Community Reinvestment Act Regulations*

The Conference of State Bank Supervisors ("CSBS")1 provides the following comments on the joint notice of proposed rulemaking issued by the Federal Deposit Insurance Corporation ("FDIC") and the Office of the Comptroller of the Currency ("OCC") (collectively, the "agencies") titled "Community Reinvestment Act Regulations."2 This letter focuses on the broader implications of multiple, disparate federal Community Reinvestment Act ("CRA") regimes, rather than the specific policy changes proposed by the agencies.3

Federal law should be implemented and applied consistently through common regulatory standards. The Federal Reserve Board's ("Board") absence from this rulemaking means that similarly situated banks would face different CRA frameworks depending on their primary federal regulator – an avoidable inconsistency that creates practical and legal consequences for banks and state supervisors alike.4 The three federal banking agencies should instead work together to adopt a consistent regulatory framework that applies evenly, regardless of a bank's charter type or federal supervisor.

A disjointed federal CRA framework would create additional complications for states that have established their own CRA regimes.5 Many of these regimes were built on the current, substantially uniform, federal approach and incorporate or rely on federal CRA definitions, classifications, examination approaches, or ratings. If the agencies materially revise their CRA regulations while the Board maintains its existing standards, states may need either to select one federal framework as a reference point or to incorporate both frameworks – one standard for state nonmember banks and another for state member banks. Either approach would create significant complexity for states with their own CRA requirements and for state-chartered institutions.6

Moreover, fragmented federal CRA standards could undermine the agencies' stated goal of reducing regulatory burden, particularly for institutions also subject to state CRA regimes. The resulting burdens and complexities could include:

- **Duplicative and inconsistent compliance regimes:** A state nonmember bank could qualify as an intermediate bank under the proposal while remaining a large bank under a state CRA regime, potentially requiring the institution to maintain multiple systems, datasets, governance structures, and compliance processes to satisfy disparate state and federal CRA requirements.
- **Weaker supervisory coordination**: State supervisors could face greater difficulty coordinating CRA examinations, leveraging shared data reporting requirements, and aligning supervisory ratings with their federal counterparts, to the detriment of state-chartered banks.
- **Reduced community development activity:** The proposed 15% cap on indirect administrative costs associated with large banks' Community Development ("CD") grants could reduce the volume and reach of CD activity undertaken by state-chartered banks that would otherwise qualify under state CRA regimes.
- **Divergent outcomes beyond the immediate goals of the CRA**: Because CRA ratings are incorporated into M&A reviews, branching and expansion applications, financial holding company ("FHC") powers, and other regulatory decisions, similarly situated institutions could face different legal and supervisory outcomes based solely on which federal agency applies their underlying CRA framework.[7]

A uniform federal CRA framework is essential to ensuring consistent treatment of similarly situated institutions, minimizing unnecessary compliance burdens, and supporting effective coordination among federal and state supervisors. CSBS therefore urges the FDIC, the OCC and the Board to work together on any significant CRA revisions and adopt a common approach that applies consistently across charter types and supervisory frameworks.

Sincerely,

Brandon Milhorn

President and CEO

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  CSBS is the nationwide organization of state banking and financial regulators from all 50 states, the District of Columbia, and the U.S. territories. The views presented in this letter may not reflect the policy of individual states.

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  FDIC & OCC, Notice of Proposed Rulemaking, *Community Reinvestment Act Regulations*, 91 Fed. Reg. 52114 (Aug. 12, 2026).

- [3]

  Historically, CSBS has supported certain revisions that are incorporated into the proposal. However, without federal consistency, those revisions would result in uneven application, undue complexity, and increased regulatory burden. *See* CSBS, Comment Letter re: *Executive Order 14219 – Modification of Outdated, Burdensome Community Bank Regulatory Thresholds* (May 12, 2025) (supporting changes to the "small bank" and "intermediate small bank" asset threshold methodology); *see also* CSBS, Comment

Letter re: *Notice of Proposed Rulemaking – Community Reinvestment Act* (Aug. 5, 2022) (supporting a non-exhaustive list of community development activities that qualify for CRA consideration).

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  See CRA NPR *supra* note 2, FN 31 at 52116 ("This notice of proposed rulemaking is being issued jointly by the agencies. Any decisions about the Board's next steps with respect to the rescission proposal rest exclusively with its Governors.").

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  Seven states currently have CRA laws that provide an affirmative obligation for financial institutions to meet the lending, services, and/or investments needs of their communities: Connecticut, Illinois, Massachusetts, New York, Rhode Island, Washington, West Virginia, and the District of Columbia. *See* Conn. Gen. Stat. Ann. § 36a-30 (banks), implemented by Conn. Agencies Regs. § 36a-34, Conn. Gen. Stat. Ann. § 36a-37a (credit unions); D.C. Code Ann. § 26-431; 205 Ill. Comp. Stat. Ann. 735 et seq.; Mass. Gen. Laws Ann. 167 § 14, implemented by 209 Mass. Code Regs. 46.00, et seq. (banks), Mass. Gen. Laws Ann. 255E § 8, implemented by 209 Mass. Code Regs. 54.00 et seq. (mortgage companies); N.Y. Banking Law § 28-b, implemented by N.Y. Comp. Codes R. & Regs. tit. 3, § 76. (banks and credit unions), N.Y. Banking Law § 28-bb (mortgage companies); R.I. Gen. Laws Ann. § 19-9-4 et seq.; Wash. Rev. Code Ann. §§ 30A.60 (commercial banks), implemented by Wash. Admin. Code § 208-512-200, and Wash. Rev. Code Ann. §§ 32.40 (savings banks); W. Va. Code § 31A-8B implemented by W. Va. Code R. § 106-12-1.

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  In effect, states with CRA regimes would be forced to choose between: (1) consistency across their own supervisory portfolio – maintaining the same requirements for their state-chartered member banks, nonmember banks, and, where applicable, credit unions and nonbank mortgage companies; or (2) consistency for their regulated entities – adopting and implementing, to the extent possible, the FDIC's framework for their nonmember banks, while maintaining the existing framework for member banks. The latter approach would require significant state legislative and/or regulatory changes and may be impractical.

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  See, e.g., 12 U.S.C. §§ 2903(a)(2) (evaluating applications for a deposit facility); 2903(c)(1) and 1843(l) (evaluating FHC elections and applications for expanded financial activities); 1831u(b)(3) (evaluating an applicant bank's compliance with applicable state CRA laws for interstate mergers).

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