



We build homes and communities in rural America

August 18, 2025

The Honorable Jonathan V. Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
Attention: Chief Counsel's Office, Comment Processing
400 7th Street SW
Suite 3E-218
Washington, DC 20219
Submitted via <https://www.regulations.gov>
Re: Community Reinvestment Act, Docket ID OCC-2025-0005

The Honorable Jerome Powell
Chairman
Board of Governors of the Federal Reserve System
Attention: Ann E. Misback, Secretary
20th Street and Constitution Avenue NW
Washington, DC 20551
Submitted via <https://www.federalreserve.gov/apps/proposals/>
Re: Community Reinvestment Act, Docket No. R-1869, RIN 7100-AG95

The Honorable Travis Hill
Acting Chairman
Federal Deposit Insurance Corporation
Attention: Jennifer M. Jones, Deputy Executive Secretary
550 17th Street NW
Washington, DC 20429
Submitted via <https://www.fdic.gov/resources/regulations/federal-register-publications>
Re: Community Reinvestment Act Comments, RIN 3064-AG13

Dear Comptroller Gould, Chairman Powell, and Acting Chairman Hill:

The Housing Assistance Council (HAC) appreciates this opportunity to comment on the proposed Community Reinvestment Act (CRA) regulations published in the *Federal Register* on July 18, 2025.

HAC is a national nonprofit organization that helps build homes and communities across rural America. Since 1971, HAC has provided below-market financing for affordable housing and community development, technical assistance and training, research and information, and policy formulation to enable solutions for rural



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communities across the country. With over 50 years of experience supporting, financing, and developing affordable housing across rural America, HAC is uniquely positioned to comment on the proposed Community Reinvestment Act (CRA) regulations.

HAC supports the agencies' proposal to recodify the 1995 CRA regulations in order to provide certainty and continuity to lenders and other stakeholders. Our comments suggest some ways to provide additional guidance to lenders on addressing changes in the banking system and meeting rural credit needs.

CRA could provide more support for meeting community credit needs in rural America.

HAC unequivocally supports the Community Reinvestment Act and what it stands for. The CRA is essential to communities across the nation. It is a key factor in meeting rural America's needs for credit to support affordable housing, small businesses, and community development. Without CRA, many communities would lack access to capital, revitalization efforts would have not occurred, and disinvestment would be more common. With it, American lenders will continue to build on its established platform for improving communities' access to credit.

The community development financing encouraged by CRA has helped to expand affordable housing supply in rural places through loans, investments in affordable housing funds and Low-Income Housing Tax Credits, and other vehicles. It has encouraged partnerships with community leaders, nonprofits, and Community Development Financial Institutions, helping strengthen banks' connection to and engagement with their communities. CRA is estimated to have been responsible for trillions of dollars of community investment.¹

Unfortunately, CRA does not work in rural America as well as it should. HAC's seminal three-part research series entitled *The Community Reinvestment Act in Rural America*² identified numerous facts that remain true today.

- **The banking industry has been consolidating for decades.** The number of lenders insured by the FDIC dropped from approximately 12,300 in 1990 to just

¹ "Comptroller of the Currency Discusses Community Reinvestment, Honored for his Community Service," News Release 2019-115, Office of the Comptroller of the Currency, October 4, 2019, <https://www.occ.treas.gov/news-issuances/news-releases/2019/nr-occ-2019-115.html>.

² "CRA in Rural America," Housing Assistance Council, 2015-2016, <https://ruralhome.org/reports/rrr-cra-in-rural-america/>.

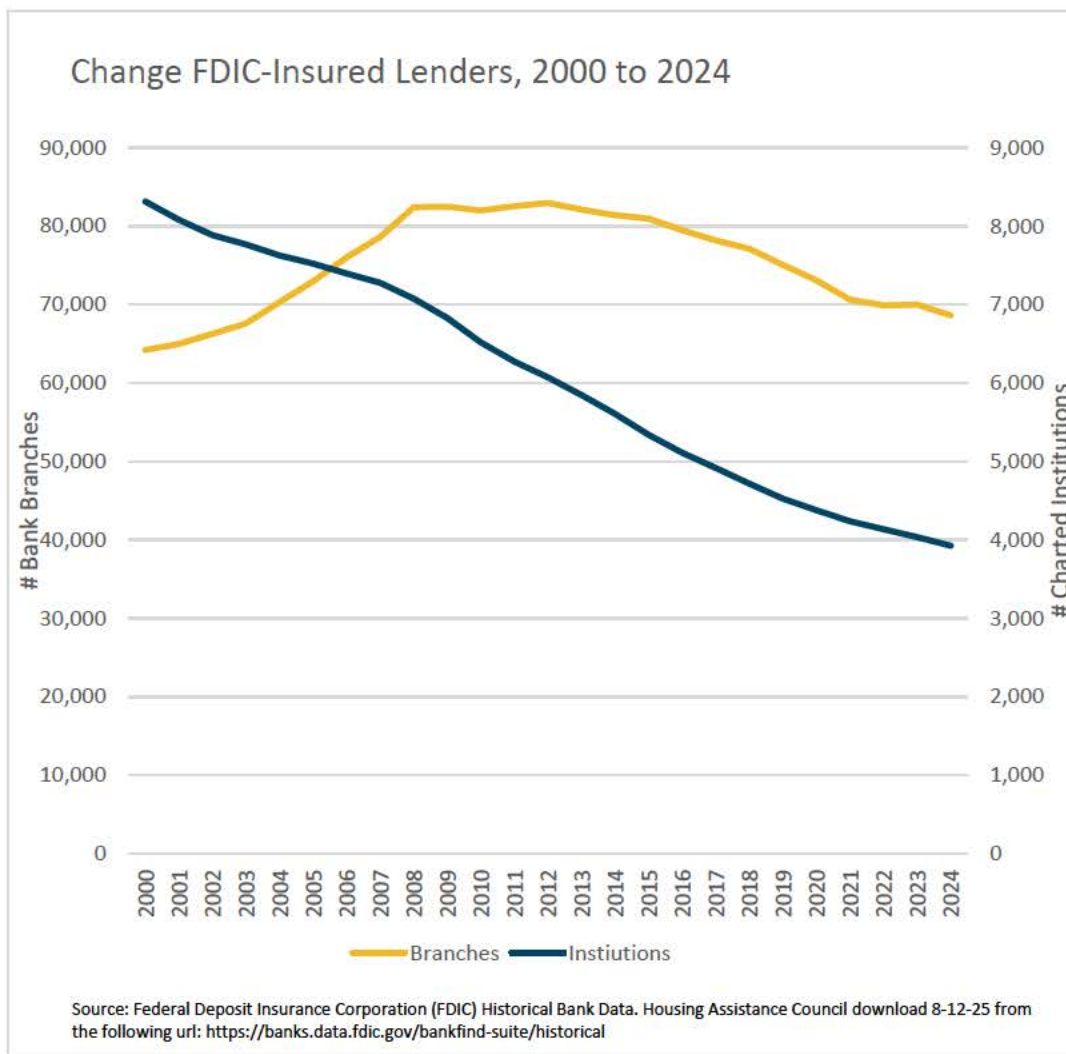


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over 6,500 in 2010 and about 3,900 in 2024. The number of physical bank branches peaked at almost 83,000 in 2012 and declined to about 68,600 by 2024. The chart below illustrates these trends.



- **Most rural institutions are small.** Banks in rural and small town communities constitute a majority of FDIC-insured lenders: 52 percent in 2012 and 56 percent in 2024. Two-thirds of the rural-based lenders in 2024 were defined as small banks, however, and only 5.8 percent were large banks. Despite their relatively large numbers, then, rural-based institutions held only about 6.4 percent of all assets possessed by federally insured depository institutions. In other words, community presence and community need are mismatched. Because they have fewer resources, small banks cannot – and are not expected to – support community development to the extent large lenders



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are. Yet rural customers constitute only a small portion of large banks' business.

- **The vast majority of rural mortgages are made by large lenders.** Small rural banks originated only 13 percent of rural mortgages in 2012. Conversely, large, predominately urban-based banks made nearly 70 percent of mortgages in rural areas in the same year. In some rural areas, however, community-based banks still originate the majority of loans.
- **Designated high credit need rural areas do not receive a proportionate share of mortgages.** In 2012, federal regulators designated 6,814 rural and small town census tracts as having high credit needs, so that community development activities in these tracts qualified for CRA consideration. These census tracts were home to 25.4 million people, about 42 percent of rural and small town residents, but they received only about 29 percent of rural and small town mortgage originations in 2012. In addition, these high credit need rural and small town areas had high rates of loan denials and high interest rate lending.

The banking and credit landscape has changed significantly since 1995.

Over the past three decades, technological advances have made online banking common and created the financial technology (fintech) industry. Fintechs, other non-bank entities, and credit unions have undertaken functions traditionally served by banks and thrifts. Bank consolidation, already well underway in 1995, has continued.

Despite these major changes, the need for credit to support community economic development, small businesses, and affordable housing remains. CRA still requires regulated lenders "to help meet the credit needs of the local communities in which they are chartered consistent with the safe and sound operation of the institutions." While returning to the 1995 regulations will help them do so, they also need guidance on meeting CRA's requirements in 2025 circumstances.

The regulatory agencies have readily available tools to provide this guidance, such as the Interagency Questions and Answers. HAC recommends they use these tools to encourage banks to better meet community credit needs, including the need for affordable mortgage credit in rural places.



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Subregulatory guidance can encourage banks to take advantage of CRA credit available for lending and community development activities outside facility-based assessment areas.

Provide CRA credit

Research indicates that banks are more likely to meet community needs in their CRA assessment areas.³ They make smart business choices – to maximize results for themselves by supporting their own CRA ratings while meeting CRA's goals. The regulatory agencies can acknowledge this symbiosis in 2025, given lenders' extended reach based on technology, by providing guidance that encourages lending to places where it is desperately needed, regardless of a lender's branch locations, so long as the bank is also meeting the credit needs in its facility-based assessment areas. Such lending would be particularly useful for communities with few or no physical banks and limited access to credit, because lenders often have limited contact or experience in working in these areas.

Identify targets

To encourage lenders to undertake these activities, one option could be for banks to identify target geographies/populations outside their facility-based assessment areas based on impact factor geographies like persistent poverty counties or Native American lands. Alternatively, the regulators could designate areas with high credit needs, including those in rural places. Lenders' activities in these areas could receive extra impact factor consideration.

If a lender works with regulators in identifying the target area and develops a plan to coordinate its activities, this could streamline the examination process, helping to ensure activities will receive CRA consideration and examiners know what to expect. This approach might become a preferred way for lenders to earn an outstanding rating and it would come with the extra benefit of providing an example of how a lender's work can make a difference in a community in need.

³ Lei Ding and Leonard I. Nakamura, "'Don't Know What You Got Till It's Gone' — The Effects of the Community Reinvestment Act (CRA) on Mortgage Lending in the Philadelphia Market," Federal Reserve Bank of Philadelphia Working Paper No. 17-15, 2017, <https://ssrn.com/abstract=2991557>.



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Define rural

Identifying rural areas to target will involve selecting a way to define rural. The selection of a definition can be surprisingly complex and impactful.⁴ HAC recommends the regulators adopt the definition used by the Federal Housing Finance Agency for its Duty to Serve regulations,⁵ which has also been adopted by the Community Development Financial Institutions Fund for the Capital Magnet Fund program.⁶ This definition is more precise than the Office of Management and Budget's metropolitan/outside metropolitan distinction,⁷ which applies to entire counties, and easier to use than the U.S. Department of Agriculture Rural Housing Service's definition.⁸

Support other entities that are meeting community credit needs

Banks should be encouraged to meet community needs through support of Community Development Financial Institutions (CDFIs), which engage in CRA-eligible activities both within and outside the banks' facility-based assessment areas.

Include lenders of all sizes

Subregulatory guidance should make clear that CRA credit for activities outside of their facility-based assessment areas should be available to all lenders, including intermediate banks, small banks, and banks that elect to be evaluated under a strategic plan. Getting banks to engage in such activities is critical to increasing the reach of community development activity, particularly to underserved areas. Rural areas understand this better than others because these are often the communities where large bank presence is most limited.

In addition, it might be that a small-asset lender is best positioned to engage in an activity. That is, they may be nearby, better understand the market, or just have a specialty that fits community development in an area. Larger banks may not have that connection to this activity and it would not occur otherwise. Again, a key here is that such an activity would have to meet all other CRA requirements to receive consideration.

⁴ Defining Rural, "About the Data," Housing Assistance Council, 2023, <https://takingstockrural.org/about-the-data/>.

⁵ "Duty to Serve Eligibility Data," March 21, 2025, Federal Housing Finance Agency, <https://www.fhfa.gov/data/duty-to-serve/eligibility-data>.

⁶ 12 C.F.R. §1807.104, <https://www.ecfr.gov/current/title-12/chapter-XVIII/part-1807>.

⁷ "Metropolitan and Micropolitan," October 22, 2024, U.S. Census Bureau, <https://www.census.gov/programs-surveys/metro-micro.html>.

⁸ 42 U.S. Code §1490, <https://www.govinfo.gov/content/pkg/USCODE-2023-title42/pdf/USCODE-2023-title42-chap8A-subchapIII-sec1490.pdf>.



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Finally, if all banks have the option of engaging in community development activities, and engaging in these activities makes earning an outstanding rating possible, this may create a dynamic situation where lenders strive to be outstanding.

Provide examples and procedures

Through Interagency Questions and Answers or other subregulatory guidance, the agencies could provide illustrative lists of relevant factors, such as two that were or would have been developed under the 2023 regulation: categories of bank activities that would qualify for CRA consideration as a community development loan, community development investment, or community development service; and examples of loans, investments, and services.

The agencies could also establish a process for banks to inquire whether a particular loan, investment, or service is eligible for CRA consideration.

* * *

Neither banks nor communities are well served by measuring bank activities based only on the locations of their physical branches. Banks deserve to have activities recognized when they meet credit needs, including needs within their digital service areas. And communities deserve to have their credit needs met. HAC encourages the regulatory agencies to provide continuity and certainty under the recodified 1995 CRA regulations while using additional guidance to modernize the way banks meet community needs in 2025.

Thank you for your consideration of these comments. Please do not hesitate to contact me if you need additional information.

Sincerely,

[Redacted signature]

David Lipsetz
President & CEO



[Redacted contact information]



[Redacted contact information]



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