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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

September 15, 2025

The Honorable Jerome Powell
Chair
Federal Reserve Board
20th Street and Constitution Avenue NW
Washington, D.C. 20551

The Honorable Jonathan Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street SW
Washington, D.C. 20219

The Honorable Travis Hill
Acting Chairman
Federal Deposit Insurance Corporation
17th Street NW
Washington, D.C. 20429

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

We write with deep concern regarding your agencies' proposed rescission of the 2023 Community Reinvestment Act ("CRA") final rule. The CRA is one of your agencies' most critical tools to combat the effects of decades of discriminatory banking and lending practices and encourage increased investment in low- and moderate-income communities. The 2023 CRA final rule made important updates to outdated CRA regulations to ensure that banks are meeting the needs of everyone in the communities where they do business. We urge your agencies to withdraw the proposed rescission of the 2023 final rule and defend its clear legality in court.

In 1977, Congress enacted the CRA to redress the effects of redlining, the practice of denying loans and other financial services to entire neighborhoods based on race, by affirmatively requiring banks to lend to all the communities in which they are chartered to do business. For over 40 years, redlining fueled racist housing and lending practices, disproportionately harming Black communities. Through the CRA, bank regulators regularly assess banks to ensure they are

¹ Federal Reserve, "Agencies issue joint proposal to rescind 3 Community Reinvestment Act final rule," joint press release, July 16, 2025, https://www.federalreserve.gov/newsevents/pressreleases/bcreg20_716a.htm.

² National Public Radio, "Why banks are fighting changes to an anti-redlining program," February 15, 2024, <https://www.npr.org/transcripts/1197961870>.

serving low- and moderate-income customers on fair and equal terms, and making investments in affordable housing and other community programs. However, since the last major update to the CRA in 1995, the banking industry has changed considerably: millions of people now bank online, and the number of brick-and-mortar bank branches has fallen. Bank regulators' old method of assessing CRA compliance, which focused primarily on a bank's activities near the geographic location of its branches and ATMs, is no longer sufficient to assess whether banks are meeting their lending and community investment obligations. Simultaneously, CRA exams have long displayed rampant grade inflation, demonstrated by the fact that 96% of banks evaluated under the CRA were rated as "satisfactory" or "outstanding" from 1990 to 2019.³ During the same time period, hundreds of Equal Credit Opportunity Act ("ECOA") and Fair Housing Act lawsuits were filed against banks that discriminated against credit applicants on the basis of race and other protected characteristics under the law.⁴

To address these problems, your agencies proposed updates to the CRA, integrating feedback collected over the course of a nearly three-year-long rulemaking process starting in 2020. This thorough and transparent rulemaking culminated in the 2023 final rule, which earned broad interagency support. The 6-1 vote at the Fed was bipartisan, as Chair Powell and Governor Waller joined Vice Chair Jefferson, former Vice Chair for Supervision Barr, Governor Cook, and former Governor Kugler in supporting the final rule. The final rule addressed the modern evolution of the banking sector by expanding assessment areas beyond physical branches as well as grade inflation by raising the bar on performance through standard metrics. Chair Powell even went on to state, "[t]he final rule will better achieve the purposes of the law by encouraging banks to expand access to credit, investment, and banking services in low- and moderate-income communities; adapting to changes in the banking industry, such as mobile and online banking; providing greater clarity and consistency in the application of the CRA regulations; and tailoring to bank size and type. As a result, I support the final rule and look forward to CRA's next chapter."⁶ Furthermore, Governor Waller stated, "the final rule...significantly improves on the initial proposed rule. While no rule will be perfect on every dimension, overall, this rule is an improvement in that it continues to support community reinvestment as required by law while providing more clarity to banks on the criteria needed to comply with the CRA. As a result, I support this final rule."⁷

³ National Community Reinvestment Coalition, "Do CRA Ratings Reflect Differences in Performance: An Examination Using Federal Reserve Data," Josh Silver and Jason Richardson, May 27, 2020, <https://ncrc.org/do-cra-ratings-reflect-differences-in-performance-an-examination-using-federal-reserve-data/>.

⁴ U.S. Department of Justice, "Equal Credit Opportunity Act," <https://www.justice.gov/crt/equal-credit-opportunity-act-3>. Staff analysis by Congressional Research Service.

Federal Reserve, "Community Reinvestment Act 2020 Advance Notice of Proposed Rulemaking," <https://www.federalreserve.gov/consumerscommunities/community-reinvestment-act-advanced-notice-proposed-rulemaking.htm>.

Federal Reserve, "Statement on the Community Reinvestment Act Final Rule by Chair Jerome H. Powell," joint press release, October 4, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/powell-statement-31024.htm>.

Federal Reserve, "Statement on the Community Reinvestment Act Final Rule by Governor Christopher J. Waller," joint press release, October 4, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/waller-statement-20231024.htm>.

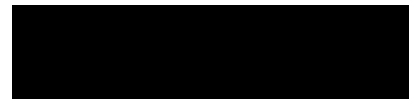
The 2023 final rule was clearly lawful. Your agencies carefully evaluated the rule and concluded on a bipartisan basis that the 2023 final rule was well within your statutory authority.⁸ Yet in 2024, certain banking industry trade associations filed a meritless lawsuit in the industry-friendly Northern District of Texas alleging that the 2023 final rule exceeded your agencies' statutory authority.⁹ Judge Kacsmaryk enjoined the rule and the Fifth Circuit Court of Appeals granted a stay, effectively blocking the implementation of the rule pending additional legal action. Yet, instead of defending the 2023 final rule in court, your agencies have recently decided to let Judge Kacsmaryk and the Fifth Circuit have the final word. Your agencies have proposed rescinding the 2023 final rule stating that the "reconsideration of the 2023 CRA Final Rule is precipitated primarily by the uncertainty created by the pending litigation."

Rescinding the 2023 final rule and reverting to the 1995 framework is a major step backwards and disregards the years of bipartisan work to modernize the CRA and ensure underserved communities have fair and equal access to economic and lending opportunities. We strongly urge your agencies to withdraw the rescission and defend the 2023 final rule in court, and request a staff briefing on your efforts to do so by September 29, 2025.

Sincerely,



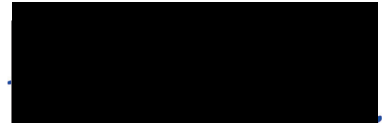
Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Raphael Warnock
United States Senator



Chris Van Hollen
United States Senator



Tina Smith
United States Senator

⁸ Federal Reserve Staff, "Final Rule Amending Community Reinvestment Act Regulations (Regulation BB)," October 6, 2023, <https://www.federalreserve.gov/aboutthefed/boardmeetings/files/cra-memo-20231024.pdf>; Federal Deposit Insurance Corporation Staff, "RE: Final Rule on Community Reinvestment Act Regulations," October 8, 2023, <https://www.fdic.gov/news/board-matters/2023/2023-10-24-notice-dis-a-mem.pdf>.

⁹ Texas Bankers Association, Amarillo Chamber of Commerce, American Bankers Association, et al. v. Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, and Federal Deposit Insurance Corporation, 2:24-cv-00025-Z-BR (N.D. Tex. Amarillo Div. March 9, 2024).

¹⁰ Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, "Community Reinvestment Act Regulations," July 18, 2025, <https://www.federalregister.gov/documents/2025/07/18/2025-13559/community-reinvestment-act-regulations>.



Cory A. Booker
United States Senator



Tammy Baldwin
United States Senator



Ron Wyden
United States Senator