

Issue Update

On July 18, 2025, the Federal banking agencies issued a Notice of Proposed Rulemaking (NPR) to rescind the 2023 Community Reinvestment Act (CRA) Rule and replace it with the legacy CRA framework.

Separately, on July 21, 2025, the agencies requested public comment on recommendations for reducing regulatory burden under the CRA. The request is pursuant to the Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA), which requires the agencies to review their regulations every 10 years to identify outdated or unnecessary regulatory requirements. Comments are due on October 23rd.

Why It Matters

The 2023 CRA Rule exceeds the CRA statute. It is a significant regulatory shift and may have reduced—rather than expanded—access to credit for mortgages, small business loans, and community development financing. In addition, the complexity and statutory overreach presented by the 2023 CRA Rule was a pronounced departure from the original goal of CRA modernization, which was to clarify—not complicate or overhaul—the CRA regulatory framework.

Recommended Action Items

- Support the agencies' efforts to repeal the 2023 CRA rule and replace it with the 1995 CRA rule, which remains in effect pending the resolution of ABA's legal challenge. The 1995 CRA rule—while not perfect—is more closely aligned with Congressional intent and more workable than the 2023 Rule.
- Urge the agencies to make improvements to CRA examination and supervision (which can be made without changes to the 1995 CRA rule), including:
 - Eliminating informal or unpublished guidance;
 - Strengthening examiner training;
 - Establishing a pre-approved list of CRA-qualifying activities;
 - Implementing a pre-clearance process for CRA activities;
 - Clarifying and standardizing documentation standards;
 - Improving timeliness of CRA data releases and exam reports;
 - Ensuring fair turnaround times for examiner requests;
 - Ensuring that all exams incorporate performance context; and
 - Utilizing accurate and relevant peer and market comparators.