

# Community Reinvestment Act

On August 28, 2018 the office of the Comptroller of Currency (OCC) released a notice of proposed rulemaking (Proposal) requesting comments and feedback on ways to modernize the regulatory framework implementing the Community Reinvestment Act (CRA).

The CRA, which was enacted in 1977 to encourage banks to help meet the credit needs of their communities, including low-and moderate-income neighborhoods, has not kept up with advancement in technology and other important changes that have taken place over the last few years in the banking world, and therefore, is in need of reform.

In the last few years, there have been calls (from the government, financial institutions, other stakeholders, and the public in general) for modernization or overhaul of the regulations implementing the CRA. As a result, the government has embarked on several activities, including academic studies and research, stakeholder consultations, town hall meetings, and requests for input/feedback, for the purpose of laying a foundation for the CRA regulatory framework modernization effort. These activities helped the Treasury gather enough information and data to produce a report in April 2018 providing various recommendations on how to improve the regulations in order to help financial institutions and their customers achieve the intended goals of the CRA.

Although the Proposal was put out solely by the OCC, it should be noted that the CRA regulatory framework reform process would require a joint effort by all the three banking agencies; as well as in-depth engagement by the banking industry and other stakeholders.

## OVERVIEW

The goal of the modernization effort is to improve the outdated regulations in order to make them more consistent with the original intent of the CRA. An improved and modernized regulatory framework would make it easier for banks to more effectively serve the convenience and needs of their communities by:

(1) encouraging more lending, investment, and activity where it is needed most;

For more information, visit [mba.org](http://mba.org)  
or call (202) 557-2700.

**MBA**  
MORTGAGE BANKERS ASSOCIATION

- (2) evaluating CRA activities more consistently; and
- (3) providing greater clarity regarding CRA-qualifying activities.

The Proposal requests public feedback and responses on a specific set of questions, and identifies the following broad recommendations for improving the regulations:

- increase lending and services to people and in areas that need it most, including in LMI areas;
- clarify and expand the types of activities eligible for CRA consideration;
- revisit how assessment areas are defined and used;
- establish metric-based thresholds for CRA ratings;
- make bank CRA performance more transparent;
- improve the timeliness of regulatory decisions related to CRA; and
- reduce the cost and burden related to evaluating performance under the CRA.

## IMPACT

Since the CRA was enacted in 1977, Congress has amended the statute numerous times (in 1989, 1991, 1994, and 1999). Similarly, since the CRA regulations were promulgated in 1978, they have been amended on several occasions, most notably in 1995 and 2005. The project that is currently being contemplated would significantly transform and modernize the regulations in a way that is intended to reflect changes that have occurred (such as technological advancements like online banking, etc) since the CRA was enacted. This project would require significant engagement by the industry with the banking agencies and other stakeholders involved in the process.

## MBA'S POSITION / NEXT STEPS

MBA agrees that the current regulations have not kept up with the significant changes that have occurred over the past few years in the banking space, and thus, supports this modernization effort. MBA is actively engaged in the process, and has set up a working group of member institutions for the purpose of participating fully in the process. MBA will submit letters to the banking agencies when required or necessary, and also plans to participate in public meetings, stakeholder consultations, and town hall meetings with the banking regulators and other stakeholders involved in this important process.

For more information, visit [mba.org](http://mba.org)  
or call (202) 557-2700.

**MBA**  
MORTGAGE BANKERS ASSOCIATION