

Press Release

September 21, 2020

Federal Reserve Board issues Advance Notice of Proposed Rulemaking on an approach to modernize regulations that implement the Community Reinvestment Act

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The Federal Reserve Board on Monday issued an Advance Notice of Proposed Rulemaking (ANPR) that invites public comment on an approach to modernize the regulations that implement the Community Reinvestment Act (CRA) by strengthening, clarifying, and tailoring them to reflect the current banking landscape and better meet the core purpose of the CRA. The ANPR seeks feedback on ways to evaluate how banks meet the needs of low- and moderate-income (LMI) communities and address inequities in credit access.

"By releasing a thoughtful and balanced ANPR and providing a long period for comment, the Federal Reserve is hoping to build a foundation for the banking agencies to come together on a consistent approach to CRA that has the broad support of the intended beneficiaries as well as banks of different sizes and business models," said Federal Reserve Board Chair Jerome H. Powell.

"The CRA is a seminal piece of legislation that remains as important as ever as the nation confronts challenges associated with racial equity and the COVID-19 pandemic," said Federal Reserve Board Governor Lael Brainard. "We must ensure that CRA continues to be a strong and effective tool to address systemic inequities in access to credit and financial services for LMI and minority individuals and communities."

Public comment on the ANPR will assist the Board in refining CRA modernization proposals to:

- Strengthen CRA's core purpose of meeting the wide range of LMI banking needs and addressing inequities in financial services and credit access
- Address changes in the banking industry
- Promote financial inclusion by including special provisions for activities in Indian Country and underserved areas, and for investments in Minority Depository Institutions and Community Development Financial Institutions
- Bring greater clarity, consistency, and transparency to performance evaluations that are tailored to local conditions
- Tailor performance tests and assessments to account for differences in bank sizes and business models
- Clarify and expand eligible CRA activities focused on LMI communities
- Minimize data burden and tailor data collection and reporting requirements
- Recognize the special circumstances of small banks in rural areas
- Create a consistent regulatory approach

Congress enacted the CRA in 1977, as part of several landmark pieces of legislation enacted in the wake of the civil rights movement intended to address inequities in the credit markets. The Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency have broad authority and responsibility for implementing the statute, which provides the agencies with a crucial mechanism for addressing persistent structural inequity in the financial system for LMI and minority individuals and

communities. The statute and its implementing regulations also provide the agencies, regulated banks, and community organizations with necessary structure for facilitating and supporting a vital financial ecosystem that supports LMI- and minority-focused community development.

Comments on the attached ANPR will be accepted for 120 days after publication in the *Federal Register*.

For media inquiries, call 202-452-2955

[Federal Register notice \(PDF\)](#)

[Fact Sheet on the Community Reinvestment Act \(PDF\)](#)

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