United States Senate
WASHINGTON, DC 20510

October 13, 2026

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

The Honorable Travis Hill
Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Comptroller Gould and Chairman Hill:

The proposed rule by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) titled "*Community Reinvestment Act Regulations"* would weaken small business lending disclosures; decrease financing, investment, and other services for small businesses, particularly in low-to-moderate income (LMI) areas; and restrict the use of grants that benefit small businesses. Alternative proposals under consideration would exacerbate these impacts. For these reasons, we strongly oppose the proposed rule and urge the OCC and FDIC to rescind it.

Congress enacted the Community Reinvestment Act (CRA) nearly half a century ago to address inequities in access to credit. The CRA requires financial institutions to serve their entire community, including LMI areas, and specifically incentivizes institutions to reinvest in the areas in which they operate. It has helped small businesses obtain capital, including by incentivizing banks to partner with and invest in Community Development Financial Institutions (CDFIs).

CDFIs provide critical capital and technical assistance to small businesses. In 2023 alone, CDFIs supported 109,000 businesses with $2.3 billion in financing;[1] between 2018-2022, around 20% of total CDFI financing went to small businesses.[2] CDFI's are more effective than traditional lenders in reaching underserved communities. During the COVID-19 pandemic, 70% of CDFI-originated Paycheck Protection Program loans went to small businesses in minority communities.[3] Currently, more than 25% of total CDFI financing goes to rural communities.[4] The

[1] Annual Report: Fiscal Year 2024, Community Development Financial Institutions Fund, https://www.cdfifund.gov/system/files/2025-01/CDFI_Fund_FY_2024_Annual_Report_FINAL_508_Compliant.pdf .

[2] Michael Egglestonm, Exploring Trends in Community Development Consumer Lending, Federal Reserve Bank of St. Louis (June 15, 2025), https://www.stlouisfed.org/on-the-economy/2025/jun/trends-community-development-consumer-lending.

[3] Gail Thomas, CDFI Fund Impact Blog, Community Development Financial Institutions Fund (Apr. 20, 2023), https://www.cdfifund.gov/impact/101.

[4] The CDFI Coalition, 2026 CDFI Progress Report (Mar. 2026), https://cdfi.org/wp-content/uploads/2026/03/2026-CDFI-Progress-Report-Final.pdf.

investments made as a result of the CRA are critical to the small business ecosystem and the proposed changes will have significant downstream impacts.

Unfortunately, despite the CRA's role in directing investment to small businesses and communities, including LMI areas, the Trump administration has proposed a rule that would be especially harmful to small businesses. It would undermine reporting on small business loans, decrease lending to small businesses, particularly in LMI areas, and decrease new markets tax credit (NMTC) investments used to invest in small businesses.

The proposed rule would result in 417 fewer banks submitting annual reporting on their small business loans, resulting in a loss of key data about which small businesses and entrepreneurs have access to capital.[5] Without this information, it becomes increasingly difficult for Congress and policymakers to effectively close capital access gaps for underserved entrepreneurs.

The proposed rule would likely result in less financing to CDFIs, decreasing sources of capital for small businesses. The CRA incentivizes banks to invest in CDFIs: banks provide an estimated $15 to $25 billion annually in financing to CDFIs, which is then invested in local communities and small businesses.[6] The CRA helps drive those investments. This proposed rule would decrease bank financings to CDFIs by eliminating tailored community development evaluations for 814 banks and impose low targets for community development investment goals, which include, "economic development that finances small business and small farms."[7] These investments, particularly in CDFIs, result in new businesses and job opportunities for communities.[8] These changes would leave entrepreneurs with fewer financing options.

Annually, 69 of the 100 largest banks make more than $102 billion in community development lending, grants, and investments.[9] The proposal creates a low benchmark for community development investments. As proposed, this new target could reduce community development investment and lending by as much as 85% compared to current activity. Inadequate economic development benchmarks would further decrease financing and services in underserved and LMI communities. Current rules require eligible economic development activities to create, retain, or improve jobs for LMI individuals or benefit LMI areas. However, under the proposed rule, banks would receive credit for economic development activities that do not benefit LMI communities, conflicting with one of the major goals of the original CRA legislation. For example, under this proposal, a bank would receive CRA credit for lending to a business established by a wealthy

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[5] National Community Reinvestment Coalition, The Proposed 2026 CRA Rollbacks: Key Takeaways and Why it Matters, NCRC (Aug. 3, 2026), https://ncrc.org/2026-cra-rollbacks/.

[6] The CDFI Coalition, 2026 CDFI Progress Report (Mar. 2026), https://cdfi.org/wp-content/uploads/2026/03/2026-CDFI-Progress-Report-Final.pdf.

[7] National Community Reinvestment Coalition, The Proposed 2026 CRA Rollbacks: Key Takeaways and Why it Matters, NCRC (Aug. 3, 2026), https://ncrc.org/2026-cra-rollbacks/

[8] Merissa Piazza, *Beyond Investment: How CDFIs Support Community and Economic Development in Low- and Moderate-Income Areas*, Federal Reserve Bank of Cleveland (Apr. 14, 2026), https://www.clevelandfed.org/publications/cd-reports/2026/20260414-how-cdfis-support-community-and-economic-development.

[9] National Community Reinvestment Coalition, The Proposed 2026 CRA Rollbacks: Key Takeaways and Why it Matters, NCRC (Aug. 3, 2026), https://ncrc.org/2026-cra-rollbacks/.

entrepreneur in an upper income area, even if the loan created no jobs for LMI individuals.[10] This reduction in investment would be devastating for minority-owned small businesses and businesses in rural and LMI communities.

The proposed rule would make it more difficult for banks to fund organizations that help small businesses succeed, including CDFIs that provide small business financing and nonprofits that offer technical assistance and job training. Under the proposal, community development grants by large banks would be ineligible for CRA credit if the recipient's administrative costs exceed 15 percent of the grant amount. This limitation will not only "force nonprofits to divert more time to chasing project-specific grants instead of offering critical CRA-eligible community development services,"[11] it also creates additional burden for large banks to monitor a recipients' compliance with the cap. This may discourage large banks from making community development grants, resulting in less funding for certain organizations, including those that support small businesses.

The proposal weakens incentives around another source of affordable capital: New Markets Tax Credit (NMTC) investments. For decades, banks have received favorable CRA credit by investing in NMTC, which supports small businesses and job creation. 95% of NMTC investments in businesses have more favorable terms than traditional loans and have created or retained almost 1 million jobs since 2002.[12] This helps small businesses hire new employees, invest in their current ones, and expand. NMTC is an equity investment that is currently evaluated under the standalone CRA investment test for large banks. Increasing asset thresholds for small banks would result in fewer banks being subject to a standalone investment test and instead, more banks subjected to a diluted evaluation that considers all community development in a single test. This change would decrease bank demand for NMTC investments, leading to even fewer sources of affordable capital for small businesses.[13]

Finally, the alternative proposals that the OCC and FDIC are considering would compound the negative impacts outlined above, further straining access to capital and technical assistance for small businesses. The CRA proposed rule discusses tying the small bank standard to the Small Business Administration (SBA)'s size standard. SBA's current standard is $850 million for a small bank. However, SBA is currently proposing to raise the small bank standard to $5 billion – more than five times the current CRA proposal. If SBA's proposed rule is finalized, given the lack of nuanced methodology SBA uses to increase the size standards, tying the CRA's small bank size standard to SBA's size standards would result in volatile and unpredictable increases in the small bank threshold. Raising the small bank threshold to $5 billion as currently proposed in SBA's size standards rule would have serious consequences: 1,331 banks would no longer have any CRA-related community development requirements and 284 banks would no longer have to report small business lending data, as well as no longer having a standalone investment test. Another alternative discussed in the proposed rule is to raise the large bank threshold to $30

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[10] *Id*.

[11] *Id*.

[12] New Markets Tax Credit Program, CDFI Fund. (Sept. 14, 2026), https://www.cdfifund.gov/media/8018731/download?inline.

[13] *Id*.

billion and the small bank threshold to $10 billion, jeopardizing $26 billion in community development loans and $267 million in investments.[14] The proposed thresholds and potential alternatives would undermine the capital access ecosystem that small businesses rely on.

For these reasons, we strongly oppose the proposed rule. Small businesses are the backbone of the U.S. economy and they deserve equitable access to long-term capital and counseling. The CRA has been a critical tool for those purposes, incentivizing banks to invest in local communities and small businesses. The Trump administration should be looking to retain and strengthen the CRA rather than undermine its core objectives.

Sincerely,

Edward J. Markey
Ranking Member, Committee on Small Business and Entrepreneurship

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

[14] National Community Reinvestment Coalition, The Proposed 2026 CRA Rollbacks: Key Takeaways and Why it Matters, NCRC (Aug. 3, 2026), https://ncrc.org/2026-cra-rollbacks/.