

August 18, 2025

Jonathan V. Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW Suite 3E-218 Washington,
DC 20219

Jerome H. Powell
Chair of the Board of Governors
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

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

Re: Joint Notice of Proposed Rulemaking — Community Reinvestment Act Regulations; Proposal to Rescind the 2023 CRA Final Rule (Docket ID OCC-2025-000X; RIN 1557-AE78)

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

On behalf of UnidosUS, we submit this comment in strong opposition to the joint proposal to rescind the 2023 Community Reinvestment Act (CRA) Final Rule and revert to the pre-2023 framework based on the 1995 CRA regulations.

UnidosUS, previously known as NCLR (National Council of La Raza), is the nation's largest Hispanic* civil rights and advocacy organization. Through its unique combination of expert research, advocacy, programs and an Affiliate Network of nearly 300 community-based organizations across the United States and Puerto Rico, UnidosUS simultaneously challenges the social, economic and political barriers at local and national levels.

UnidosUS publishes reports, provides testimony and advocates for policies that protect consumers, make financial services more inclusive, and improve the economic well-being of working-class people and the Latino community. For example, last year, we testified before the Senate's Committee on Banking, Housing and Urban Affairs in a hearing focused on consumer protections and junk fees that impact working-class consumers and Latinos. Additionally, in 2022, we submitted a comment letter in response to the joint Notice of Proposed Rulemaking (NPR) regarding the Community Reinvestment Act (CRA). Our research and analysis include publications such as *The Future of Banking: Overcoming Barriers to Financial Inclusion for Communities of Color (2019)*; and *Second Edition of our Latino Banking and Financial Health Survey (2024)*.

We draw on experiences as both consumers and as lenders. Our subsidiary, Raza Development Fund (RDF), is the nation's largest Latino community development financial institution (CDFI). Since 1999, RDF has provided \$400 million in financing to locally based development projects throughout the country.

* The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout our materials to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race.

They support the Latino community through predevelopment loans, organizational assessments and a range of unconventional lending products. This work substantially increased UnidosUS's institutional knowledge of how Latinos interact with the mortgage and real estate markets, their credit and capital needs, and the impact of government regulation on lenders.

For over 55 years, UnidosUS has worked to build economic opportunity and mobility for Latino families, who today represent nearly one in five Americans¹ and contribute \$4.1 trillion to U.S. GDP annually.² The CRA is one of the most important tools for ensuring that banks meet the credit needs of all communities, especially working-class people and Latinos who have been historically excluded from mainstream financial services.

The 2023 CRA Final Rule is the most meaningful update to the law's implementation in three decades. It modernized the regulatory framework to reflect the realities of 21st century banking, strengthened performance measures and advanced equity in lending and investment services. Abandoning that progress would entrench inequities the CRA was designed to address. In the sections that follow, we outline why reverting to the 1995 framework fails to meet the needs of today's communities, highlight the specific provisions of the 2023 rule that are critical to equitable access to credit and explain the harmful consequences that rescission would have for working-class people and Latinos.

We oppose this rescission proposal in the strongest possible terms and are deeply concerned that the agencies would consider abandoning years of thoughtful public engagement. The rescission proposal is not based on information found in the regulatory record and fails to satisfy the goals of the statute. Such an about-face would ensure that working-class families, those the CRA was designed to benefit and protect, are left behind, and that the legal goals of the CRA are undermined while years of public input are unlawfully disregarded.

The 1995 CRA framework was outdated and inadequate, as subsequent changes make clear

The CRA's current (1995) regulatory structure was written for an era when branch-based banking dominated. In 1995, online banking did not exist. In contrast, today, 78% of U.S. adults prefer to bank via digital channels.³ Yet, the pre-2023 CRA rules largely ignored lending that occurred outside of branch networks, leaving significant lending activity unexamined.

This outdated approach has real consequences for Latino and other historically underserved communities:

- Many neighborhoods where Latino families live have limited branch access, yet banks make substantial mortgage and small business loans there via online channels. Under the 1995 rules, much of that lending is invisible in CRA exams.
- The current framework does not account for the full scope of banks' operations, allowing institutions to meet CRA requirements without meaningfully serving communities of color.

The 2023 rule addressed these gaps by adding *Retail Lending Assessment Areas* (RLAA) and *Outside Retail Lending Area* (ORLA) evaluations. The RLAA established new areas that large banks would have been required to delineate in addition to traditional facility-based assessment areas (the areas around their main offices, branches and deposit-taking ATMs). The ORLA is a separate evaluation for lending

activity that occurs outside both facility-based areas and RLAAAs. These are critical tools for ensuring banks are held accountable wherever they do substantial business.

The 1995 rule also used an inadequate grading scale in retail lending exams which didn't reflect the overall disparities in lending that persisted throughout the decades. Historical evidence shows that working-class borrowers and people of color have experienced profound financial inequities. A 2022 study by the National Community Reinvestment Coalition (NCRC) analysis found that:⁴

- Total loans to majority-minority neighborhoods fell from 19.1% of all loans in 2018, to 18.5% in 2020.
- Black and Latino borrowers bought less valuable homes than white borrowers, and they paid more to do so. The average equity of home purchases of whites at the time of closing was \$80,000 compared to \$43,000 for Latinos and \$26,000 for Blacks.
- A 2025 study by NCRC found that the share of home purchase loans to low and moderate-income (LMI) borrowers fell to 25.8% in 2024 (down from 26.4% in 2023), reaching its lowest level in years.⁵

Furthermore, a 2022 study by the Federal Deposit Insurance Corporation (FDIC) found differences in loan denial rates and pricing between people of different races and ethnicities. The study explains that even after controlling for credit scores, debt-to-income ratios and loan-to-value ratios, Blacks and Latinos are about 4% more likely than whites to be denied a loan.⁶ The disparity in denial rates is higher for Black and Latino borrowers with lower credit scores compared to whites. Black people in the 25th percentile of credit scores are 5% more likely to be denied a loan than whites, and Latinos in the same percentile are 3% more likely to be denied a loan than whites.⁷

The study also finds disparities in loan pricing explaining, "Black and Hispanic borrowers paid approximately 6 basis points more in interest rate than white borrowers for conventional purchase loans ... Black and Hispanic borrowers also paid more in more in discount points, received more in lender credits, and paid more in total loan costs compared with white borrowers."⁸

Another study published in 2025 by the Public Library of Sciences (PLOS One) uncovered similar disparate outcomes in mortgage loan originations. The authors analyzed 1.4 million mortgage applications from the 100 largest metropolitan areas. They controlled for a variety of individual attributes including gender, loan type, applicant income and loan-to-income ratios. The authors find that, "the overall probability of origination for white applicants ranges from 77-79%, but only 57-60% for African Americans and from 65-71% for Hispanic applicants. Such inequalities, which reflect about a 20% disadvantage for African Americans and around a 10% disadvantage for Hispanics, are substantively sizeable."⁹

The CRA can play a greater role in curtailing these inequities, but critical flaws prevent it from doing so. For instance, despite the documented disparities that persist, as described above, approximately 98% of banks pass their CRA exams on an annual basis, with less than 10% receiving an "Outstanding" rating and almost 90% of receiving a rating of "Satisfactory." These ratings reflect the relatively low standards that banks must meet to pass a CRA exam and show that they are insufficiently rigorous.¹⁰

The 2023 rule significantly improves the rigor of the retail lending test by introducing performance ranges that would allow comparisons of a bank's lending performance across demographic and market benchmarks. Under this new standard, the agencies estimated that more than half of all banks would receive a "Low Satisfactory" rating.¹¹ These changes would encourage more competition among banks to obtain higher scores, which would lead to greater investment and more equitable lending in working-class and Latino communities, just as the law intended.

The 2023 CRA final rule will improve accountability and transparency whereas rescinding the rule would decimate this progress

In our 2022 comments, UnidosUS welcomed many of the modernization provisions that were ultimately adopted in the 2023 CRA Final Rule. Among the changes we supported were the clearer performance measures and expanded assessment areas to capture online and mobile lending mentioned in the previous section. We also supported the enhanced data transparency provisions and more precise definitions of community development activities. These important changes reflected the evidence before the agency and promised to deliver tangible benefits to Latino and working-class communities that long have been underserved by the financial system.

The enhanced data transparency provisions would give the public and regulators better tools to identify and address disparities in lending and investment. For instance, the retail lending data provision required large banks (with more than \$2 billion in assets) to collect and report detailed data on home mortgage, small business and small farm lending by geography and borrower income. Further, the data reporting in the community development financing test required that large banks collect and report data on community development loans and investments, including dollar amounts and categories such as affordable housing, community services and economic development. This replaced the more narrative, examiner-driven approach under the 1995 rules.¹²

Together, these changes represented a meaningful step toward ensuring that the CRA could more effectively combat redlining, close wealth gaps, and expand access to homeownership and small business opportunities in communities that historically were excluded from fair credit.

The 2023 rule ultimately modernized performance tests by:

- Introducing more objective, metrics-based evaluations for retail lending that compares bank performance against demographic benchmarks and peer performance, making CRA exams more consistent and predictable.
- Providing greater transparency through enhanced data reporting by requiring large banks to collect, report and publicly disclose standardized information on retail lending and community development activities, enabling regulators and the public to hold institutions accountable.
- Clarifying qualifying community development activities to ensure investments directly benefit LMI neighborhoods and communities of color, rather than being counted for projects with only incidental or indirect impacts.

These changes were the product of years of public engagement, including multiple rulemakings since 2018. Stakeholders, from civil rights groups to community banks and large banks, participated in a deliberative process to balance regulatory burden with public benefit. Rolling back the rule discards this

consensus-driven work of multiple actors, signaling to communities that their input can be nullified by litigation or political change, and undermining trust in the rulemaking process.

The proposal cites “confusion” and a need for certainty as reasons to revert to the 1995 framework. Yet, it merely cites qualitative evidence of stakeholder confusion. It also relies on the preliminary injunction in *American Bankers Association v. CFPB*,¹³ which paused the rule’s effective date and all related compliance deadlines. Yet, this decision pertains to specific portions of the rule, and, regardless of the injunction, is not a basis for rescission of the rule as a whole.

The proposed rescission states, “the agencies’ reconsideration of the 2023 CRA Final Rule is precipitated primarily by the uncertainty created by the pending litigation. Specifically, since the injunction was entered, the agencies have observed confusion and inconsistent understandings among stakeholders regarding the status of the CRA regulatory and supervisory landscape.”¹⁴ The stakeholders most affected by reporting and compliance deadlines, financial institutions, are the same ones causing confusion through their legal challenge. And the answer to uncertainty, of course, is not wholesale reversal of a rule, but clarification by the agency of the issues needing to be clarified.

This reasoning is disingenuous at best. Nothing permits a federal agency to reverse a final rule developed after notice-and-comment solely because regulated entities have filed a lawsuit to block it and that lawsuit’s outcome remains unresolved. Allowing litigation to dictate regulatory policy would create a perverse incentive for well-resourced actors to challenge any rule they oppose, knowing that agencies may gut the regulation, rather than defend it in court. Moreover, as the agency knows, rather than flimsy and transparent excuses, an agency seeking to reverse a rule must show why the prior rule is illogical based on the regulatory record before it, which includes all the comments leading up to the agency’s prior rule.

Instead of this baseless capitulation to regulated entities, the agencies should:

1. Continue defending the 2023 CRA Final Rule on the merits.
2. If necessary, adopt targeted adjustments to address specific legal concerns rather than wholesale rescission.
3. Consider an even more gradual implementation approach if compliance burdens are a concern, rather than abandoning modernization completely.

Moreover, the agencies must explain in far greater detail the basis of its authority to do as proposed. It is self-evident that the confusion over the rule and timeline would be resolved in due time if the agencies defended it in court. Instead, the agencies are allowing the industry’s self-inflicted “confusion” as justification to repeal the entire rule. The true source of uncertainty is the repeated cycle of modernization efforts being proposed, delayed, and then abandoned or reversed, as is the case here.

The economic and social impact of rescission would be devastating

Rescinding the 2023 rule would entrench existing banking inequities, setting back important and needed progress on a more inclusive financial system by decades. Rescission of the rule will:

- Entrench barriers to credit access in Latino, Black and working-class communities by removing accountability for online lending activity in those areas.
- Slow wealth-building efforts, as CRA-motivated lending and investment are linked to increased homeownership and small business growth.
- Perpetuate racialized wealth gaps which will cost the U.S. economy upwards for \$4 trillion in lost output over the coming decades.¹⁵

The agencies acknowledge that rescission would also eliminate expanded data collection requirements that are essential for measuring progress and identifying disparities in access to credit. Without this transparent information, it would be challenging to identify whether the CRA is achieving its purpose or whether market failures in credit access persist. It is beyond unseemly for a government to reverse policies and inflict harm, and then destroy the means of measuring the damage, as is proposed here.

Conclusion: The Rescission Proposal, if Pushed Through Unlawfully, Would Delay Progress Towards a More Effective CRA by Decades

The CRA's purpose, which is to ensure that all communities (including those historically denied access to credit) benefit from the banking system, remains as urgent today as it was in 1977. The 2023 CRA Final Rule was a long overdue modernization that balanced the needs of communities with the operational realities of banks.

Rescinding it would represent an enormous step backwards for economic inclusion and public confidence in our financial system. UnidosUS urges the agencies to reject this proposal and move forward with the 2023 rule's implementation as quickly as possible.

Thank you for the opportunity to comment. We look forward to continued engagement with the agencies to ensure that the CRA fulfills its promise for all communities.

Notes

- ¹ Census Bureau, “Hispanic Heritage Month: 2023,” Census Bureau, August 17, 2023, <https://www.census.gov/newsroom/facts-for-features/2023/hispanic-heritage-month.html>.
- ² Barbara Ramos, “U.S. Latino GDP hits high of \$4.1 trillion, marking ‘growth spot’ for the nation,” University of California, Los Angeles, April 10, 2025, <https://newsroom.ucla.edu/releases/us-latino-gdp>.
- ³ <https://www.driveresearch.com/market-research-company-blog/banking-trends-statistics/>
- ⁴ Jason Richardson, Joshua Devine, and Jamie Buell, “NCRC 2020 Home Mortgage Report: Examining Shifts During COVID,” Washington, DC, National Community Reinvestment Coalition, January 18, 2022, <https://www.ncrc.org/ncrc-2020-home-mortgage-report-examining-shifts-during-covid/>.
- ⁵ Jason Richardson, “Mortgage Market Series: Part 2, Lending Trends by Borrower and Neighborhood Characteristics,” Washington, DC: National Community Reinvestment Coalition, June 2025. <https://ncrc.org/mortgage-market-report-series-part-2-lending-trends-by-borrower-and-neighborhood-characteristics/>.
- ⁶ Stephen J. Popick, “Did Minority Applicants Experience Worse Lending Outcomes in the Mortgage Market? A Study Using 2020 Expanded HMDA Data”, Federal Deposit Insurance Corporation, Center for Financial Research, June 2022, https://www.fdic.gov/analysis/cfr/working-papers/2022/cfr-wp2022-05.pdf?source=govdelivery&utm_medium=email&utm_source=govdelivery.
- ⁷ Ibid
- ⁸ Ibid
- ⁹ Meghan M. O’Neil and Vincent J. Roscigno, “Patterns of racial and ethnic disparities in mortgage lending across metropolitan neighborhoods in the United States,” PLOS ONE 19, no. 7, July 2024, <https://doi.org/10.1371/journal.pone.0308121>.
- ¹⁰ UnidosUS, Comments in response to the Joint Notice of Proposed Rulemaking Regarding the Community Reinvestment Act [Docket ID OCC-2022-0002, RIN 1557-AF15; Docket No. R-1769 and RIN 7100-AG29; RIN 3064-AF81] (Washington, DC: UnidosUS, 2022), https://unidosus.org/wp-content/uploads/2022/08/unidosus_communityreinvestmentact_comment_8522_lv.pdf.
- ¹¹ Ibid.
- ¹² Ibid.
- ¹³ *American Bankers Association v. Consumer Financial Protection Bureau*, No. 3:24-cv-0061 (N.D. Tex. filed Mar. 7, 2024).
- ¹⁴ Office of the Comptroller of the Currency, Federal Reserve Board, Federal Deposit Insurance Corporation, “Notice of Proposed Rulemaking (NPR) to amend Community Reinvestment Act Regulations,” July 18, 2025, issued version <https://occ.gov/news-issuances/news-releases/2025/nr-ia-2025-71a.pdf>, p. 12.
- ¹⁵ Nick Noel, Duwain Pinder, Shelley Stewart, and Jason Wright, “The Economic Impact of Closing the Racial Wealth Gap,” McKinsey Institute for Economic Mobility, August 13, 2019, <https://www.mckinsey.com/industries/public-sector/our-insights/the-economic-impact-of-closing-the-racial-wealth-gap>.