

October 23, 2025

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Chair of the Board of Governors
Federal Reserve System
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Travis Hill
Chairman
Federal Deposit Insurance Corporation
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Re: Regulatory Publication and Review Under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) - Community Reinvestment Act Regulations (Docket ID OCC-2023-0016; Docket No. OP-1828)

Dear Comptroller Gould, Chair Powell and Chairman Hill:

On behalf of UnidosUS, we submit this comment in response to the regulatory review under the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA). We are specifically responding to the review of the Community Reinvestment Act (CRA).

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 Banking, Housing and Urban Affairs Committee 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)."

* 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.

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 helping the Latino community grow their wealth and receive high-quality financial services. The CRA was first enacted into law in 1977 in response to a clear public record of racial and ethnic discrimination in the banking and credit systems, and as protection against the pervasive practice of redlining. Over the years, the CRA has helped to revitalize neighborhoods and to encourage banks to be innovative with their investments, so that working-class borrowers (historically underserved by banks) can benefit directly from investments that might otherwise not reach their neighborhoods. The law helps curb the harmful effects of discrimination and unequal treatment that Latinos, immigrants and other communities of color face when they interact with banks and the marketplace.³

At the heart of the CRA's original legislation is the promotion of fair and equal access to banking services in all neighborhoods — regardless of the racial, ethnic or income composition of its residents. Since its enactment, the CRA has led to \$1.7 trillion in lending to economically distressed areas and is partly responsible for gains in credit in working-class communities and communities of color.⁴ Our own research found that, “the CRA helped facilitate...as much as 35% of home loans to Latinos, about two to three times the share of loans facilitated to whites.”⁵ In addition, a 2017 study found that the CRA had increased the number of credit-visible individuals (meaning that a credit score is recorded with the credit bureaus), by 7% in communities with high concentrations of Latinos.⁶

Risks of Weakening the Community Reinvestment Act (CRA)

We are concerned that the EGRPRA review could be used to weaken the 1995 CRA framework or further roll back the 2023 Interagency CRA Rule, which modernized the framework for today's banking environment. Reverting to the pre-1995 era framework would ignore how profoundly the financial landscape has changed. For example, digital banking, fintech partnerships and widespread branch closures have redefined how credit and banking services reach communities.

The 2023 rule responded to these realities by updating how banks are evaluated, creating fairer performance benchmarks and ensuring that lending and investment beyond branch footprints are recognized. Undoing that progress would once again leave many Latino and working-class communities invisible to examiners, reducing accountability and investment in neighborhoods that need it most.

We recognize that the agencies must consider the regulatory burden of the CRA on financial institutions in this process. But regulatory review should not lead to deregulation at the expense of community investment, especially when the burden of outdated, loophole-filled rules falls most heavily on underserved borrowers who remain locked out of opportunity.

Strengthening the CRA: Commitment to the 2023 CRA Framework and Centering Community Voices

UnidosUS urges the agencies to move forward by implementing and strengthening the 2023 Interagency CRA Rule, not by deregulating the already established 1995 framework. The 2023 rule was developed through years of collaboration among financial institutions, regulators and community stakeholders, including UnidosUS and our Affiliates, who form part of a national network of Latino-serving organizations. It reflects broad consensus on how to modernize the CRA for the realities of today's

banking system and, when fully implemented, will make the law more effective at channeling investment and lending into working-class and Latino communities.

The agencies should remain firmly committed to this modernized framework and focus on targeted improvements that enhance equity, accountability and community voice. Instead of pulling back aspects of the CRA, the agencies should consider refinements such as the following two reforms UnidosUS has long supported:

1. Include race and ethnicity data in CRA examinations

A full understanding of community credit access requires visibility into racial and ethnic disparities. Incorporating race and ethnicity data would allow regulators and the public to better identify persistent inequities in lending and investment. This addition would not only make CRA evaluations more accurate and fairer but also would align the program with the nation's broader goals of closing the racial wealth gap and advancing equitable economic growth.

2. Establish formal mechanisms for community input and oversight

The CRA would benefit from the creation of community advisory committees. These committees would ensure that residents, small businesses and local organizations have a structured voice in shaping financial institutions' CRA strategies and activities. Greater community engagement leads to stronger, more responsive investment outcomes and reinforces the original intent of the CRA that banks must serve the credit needs of the entire community.

The agencies can significantly strengthen community voice, accountability and transparency by committing to the 2023 CRA framework and integrating these two reforms. Doing so will not only enhance the effectiveness of the CRA but also ensure that it continues to drive inclusive, sustainable economic growth that benefits both financial institutions and the communities they serve.

Upholding the Spirit and Purpose of the Community Reinvestment Act (CRA)

Congress enacted the CRA in 1977 to address market failure and systemic racial discrimination in the nation's financial system. For decades, many banks accepted deposits from working-class neighborhoods and communities of color while systematically denying or overlooking them for access to credit and investment. This dynamic was embodied in the practice of redlining, which excluded certain geographical areas from mortgage lending primarily based on the race and ethnicity of residents. These practices left entire communities without fair access to capital and deepened racial and geographic inequality.

The CRA was designed to correct this systemic failure by establishing a requirement that banks meet the credit needs of all parts of the communities they serve. The bill sought to realign the incentives of the financial system with the public interest, thereby recognizing that sustaining healthy local economies depends on equitable access to financial services. In 2005, Professor Michael S. Barr wrote that the CRA was "a response to the failure of markets to deliver credit equitably and efficiently," and a means to restoring accountability to a system that too often excluded communities on the basis of race or income.⁷

For decades, the CRA encouraged more lending and investments in underserved communities and made significant progress in enabling a more inclusive financial system. Despite this progress, racial disparities in mortgage lending, small business finance and access to affordable credit persist today.⁸ Latino, Black and immigrant neighborhoods continue to face barriers that mirror the effects of past redlining, such as bank branch closures and algorithmic bias.⁹

A modernized CRA that reflects the realities of today's economy, particularly the rule in 2023 that emphasized data-driven accountability and inclusive assessment areas, will continue to channel capital to the neighborhoods where it can have the greatest impact. Weakening the rule would move us backward, recreating the same market and racial inequities that the CRA was enacted to overcome. The financial industry and the broader economy benefit when every community can participate in our nation's economic system. Lending to Latino families, investing in affordable housing and supporting small businesses are sound investments that build stable markets and strengthen the country's long-term prosperity.

The CRA is one of our country's most promising civil rights and economic development laws. The path forward should focus on improving implementation, easing compliance where appropriate for smaller banks and maintaining strong accountability for larger institutions. As a nation, we should not retreat from the promise of the CRA. UnidosUS urges the agencies to ensure that the CRA continues to fulfill its purpose of expanding equitable access to credit, banking and community investment.

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 UnidosUS, Comments in response to the ANPRM on the Community Reinvestment Act [Docket No. R-1723, RIN 7100-AF94] (Washington, DC: UnidosUS, 2021), https://www.unidosus.org/wp-content/uploads/2021/08/unidosus_cracomment_federalreserveboarddocketnor1723_221.pdf.
- ⁴ “Banking on Local Communities,” *The New York Times*, April 15, 2004, <https://www.nytimes.com/2004/04/15/opinion/banking-on-local-communities.html>.
- ⁵ UnidosUS, “Latino Homeownership 2007–2017: A Decade of Decline for Latinos” (Washington, DC: UnidosUS, 2019), <https://www.unidosus.org/publications/1963-latino-homeownership-2007-2017-a-decade-of-decline-for-latinos/?s>.
- ⁶ Federal Reserve Bank of Boston, “Using Credit Reporting Agency Data to Assess the Link between the Community Reinvestment Act and Consumer Credit Outcomes,” March 4, 2014, <https://www.bostonfed.org/publications/community-development-discussion-paper/2013/using-credit-reporting-agency-data-to-assess-the-link-between-the-community-reinvestment-act-and-consumer-credit-outcomes.aspx>.
- ⁷ Michael S. Barr, “Credit Where It Counts: The Community Reinvestment Act and Its Critics,” *New York University Law Review* 80, no. 2 (May 2005): 513–648, <https://www.nyulawreview.org/wp-content/uploads/2018/08/NYULawReview-80-2-Barr.pdf>.
- ⁸ 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/>.
- ⁹ Alaina Barca and Harry Hou, “U.S. Bank Branch Closures and Banking Deserts” (Philadelphia: Federal Reserve Bank of Philadelphia, February 2024), <https://www.philadelphiafed.org/-/media/frbp/assets/community-development/reports/banking-deserts-report-feb-2024.pdf>.