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Via Electronic Submission
Via email to Comments@fdic.gov
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Travis Hill, Chairman
Federal Deposit Insurance Corporation (FDIC)
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Jonathan V. Gould
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Attn: Chief Counsel's Office, Comment Processing

Re: ***Community Reinvestment Act Regulations***
FDIC: RIN 3064–AG31
OCC: Docket ID OCC–2026–0694; RIN 1557-AF57

Dear Chairman Hill and Comptroller Gould:

The undersigned depository institutions (*"undersigned institutions"*)[1] welcome the opportunity to respond to the Joint Agency Notice of Proposed Rulemaking (the *"Proposal"*)[2] issued by the Office of the Comptroller of the Currency (*"OCC"*) and Federal Deposit Insurance Corporation (*"FDIC"*) (jointly, the *"Agencies"*)[3] to update and amend the Community Reinvestment Act (*"CRA"*) regulatory framework. The undersigned institutions operate specialized business models and submit this letter to urge the Agencies to preserve existing CRA evaluation methods that accurately reflect those business models and the unique yet important ways in which specialized institutions support the development needs of the communities they serve. Collectively, the institutions have substantial experience operating under the

[1] The undersigned banks offer financial services throughout the country, primarily through digitally-based or indirect, third-party channels, resulting in them having *only one (or two) CRA assessment areas*. The references to "specialized" or "limited-footprint" banks throughout this letter are intended to capture business models that are not primarily based on traditional, staffed "brick-and-mortar" retail branch locations that offer customers physical access to a facility to conduct banking activities, including taking deposits and disbursing loans.
[2] Community Reinvestment Act Regulations, 91 FR 52114 (Aug. 12, 2026).
[3] When "agencies" is used in lowercase, the reference extends beyond the OCC and FDIC and includes general reference across the banking agencies, e.g., OCC, FDIC, Federal Reserve, and in 1995 included the OTS.

CRA framework, including through the community development test via wholesale (*"W"*) and limited purpose (*"LP"*) designations (collectively, *"W/LP"*) and/or approved strategic plans.

We support the Agencies' desire to modernize the CRA regulations to reflect changes within the banking industry. The undersigned institutions share a strong commitment to the objectives of the CRA and to ensuring that the regulatory framework both meets statutory obligations and recognizes the diversity of bank business models in today's financial system. The institutions collectively have a long record of strong CRA performance, including through innovative community development (*"CD"*) lending, investments, and services that support the needs of low- and moderate-income (*"LMI"*) communities. As banks, we share an abiding commitment to helping meet the credit and financial needs of our entire communities in furtherance of the CRA statute.[4]

The undersigned institutions' specialized business models generally offer narrower product sets or serve more specialized and geographically diverse customer bases than traditional branch-based retail banks. Some hold W or LP designations and are evaluated under the community development test (*"CD test"*); others operate under approved strategic plans with institution-specific performance goals, most often focusing on CD loans, investments, and services. These tailored evaluation methods established by the agencies in 1995 measure a bank's CRA obligation using criteria more appropriate to an institution's products, customers, delivery channels, and geographic footprint. As explained by the agencies when they established the CD test and strategic plan option in 1995, this different treatment accounts for the fact that these institutions "typically draw their resources from, and serve areas well beyond, their immediate communities."[5] Accordingly, for the Proposal to impose a "one-size-fits-all" traditional retail lending test (*"RLT"*) on many additional banks would be inconsistent with the stated goals of the 1995 Rule: to ensure that these specialized institutions "be evaluated under criteria appropriate to the institution being evaluated."[6] Further, this contradicts the Agencies' stated objective to "tailor CRA examinations to… more closely align with a bank's business model, and… reduce burden."[7]

EXECUTIVE SUMMARY

A CRA rule should evaluate whether a bank is responsive to community credit needs; it should not require a bank to alter its lawful business model, product mix, customer base, or geographic footprint merely to fit an evaluation methodology designed for a different type of institution. The undersigned institutions therefore support a framework that applies consistent CRA principles through evaluation methods suited to the diversity of bank structures and markets.[8]

I. **Require an aligned and sufficiently developed interagency framework.** The OCC and FDIC should not finalize materially different CRA standards without alignment among

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[4] 12 U.S.C. §§ 2901(b), 2903(a)(1) (directing the agencies to "assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution").
[5] Community Reinvestment Act Regulations, 60 FR 22156, 22160 (May 4, 1995).
[6] *Id*.
[7] *See* 91 FR at 52123 (describing the Agencies' intent "[w]ith respect to the requirements of the performance tests and standards themselves").
[8] 12 U.S.C. §§ 2901(b), 2903(a)(1) (reference directs the agencies to encourage institutions to help meet local community credit needs consistent with safe and sound operations and to assess each institution's record of meeting the credit needs of its entire community).

all three federal banking agencies. A common framework would reduce inconsistent treatment based on charter or regulator changes, improve comparability of ratings, and avoid duplicative systems and controls. If material elements remain unresolved, the Agencies should issue a further proposal before adopting a final rule.

II. **Preserve and strengthen existing wholesale and limited purpose definitions and the CD test.** The final rule should retain the existing definitions for W/LP institutions, withdraw the proposed five-percent incidental-activity threshold, and continue to evaluate qualifying institutions under the CD test. The addition of consumer lending as a Major Product Line does not eliminate the need for LP treatment: identifying a product for evaluation does not make an assessment-area-based retail test representative in instances where the product is offered nationally and only a small fraction of the activity occurs within the bank's assessment areas. The final rule should permit an institution to demonstrate, based on its products, customers, delivery channels, geographic footprint, share of activity captured within assessment areas, and availability of meaningful peer comparisons, that the CD test would provide a more representative evaluation than the otherwise applicable retail tests. For regional or national lenders with one or very few assessment areas, the final rule also should exclude the institution from the retail in/out analysis—or provide comparable treatment through an approved strategic plan—when the ratio would principally reflect the bank's limited physical footprint rather than CRA responsiveness. Agency approval and continuing authority to reconsider or revoke a designation provide appropriate safeguards against misuse.

III. **Maintain meaningful, performance-based geographic flexibility for community development activity.** After a bank has adequately addressed needs in its assessment areas, the final rule should continue to give full consideration to qualifying CD loans, investments, services, and other qualifying activities in broader statewide, regional, and national areas appropriate to its business model and where those activities respond to demonstrated community needs. A fixed Tier 1 capital threshold would not account for available local opportunities or actual responsiveness and should not replace the current performance-based standard.

IV. **Preserve meaningful strategic plan flexibility.** A strategic plan should supplement, not replace, W/LP eligibility. Approval of a strategic plan should not depend on a bank adding products, changing customers, or altering its business model, and approved metrics should provide examination certainty, transparent amendment procedures, and appropriate reliance through the plan's term. The Agencies should maintain sufficient, appropriately trained staff to provide timely review, understand specialized business models, and apply consistent national standards.

V. **Limit data and implementation requirements to those that support reliable CRA evaluations.** Consumer loan data collection and reporting should apply only where the information will support a representative, comparable, and decision-useful evaluation. The final rule should provide reasonable implementation and transition periods, including appropriate protection for existing W/LP definitions and approved strategic plans.

The undersigned institutions believe that these recommendations would advance the Agencies' stated objectives of focusing CRA supervision on community credit needs, improving clarity, and

reducing unnecessary burden.[9] They also would preserve appropriate evaluation options for institutions whose specialized products, customers, or limited physical footprints are not reflected in a branch-based retail framework.

Our comments are organized around five requests: (I) adopt an aligned interagency framework only after the principal policy choices are sufficiently developed; (II) preserve and strengthen existing definitions for W/LP designations and the CD test, including by preventing retail tests and in/out analyses from producing unrepresentative evaluations; (III) maintain geographic flexibility for impactful CD activity; (IV) preserve meaningful strategic plan flexibility without using strategic plans as a substitute for W/LP treatment; and (V) limit data, reporting, and transition requirements to those that support reliable and comparable CRA evaluations.

DISCUSSION

I. Adopt an Aligned Interagency Framework Only After the Principal Policy Choices Are Sufficiently Developed

The OCC and FDIC should defer finalization of the Proposal until key policy choices are sufficiently developed and the three federal banking agencies can collectively implement an aligned framework. Divergent standards could subject similarly situated banks to different evaluation methods, complicate charter conversions and changes in primary federal regulator, and complicate mergers or acquisitions involving institutions subject to different rules. They could also impede consortium, syndicated, or other CD transactions involving multiple banks under different agency requirements; reduce comparability of ratings across banks; and require duplicative data, systems, controls, and examiner guidance. After the Agencies resolve principal choices and sufficiently develop the unresolved elements of the Proposal, an additional notice-and-comment opportunity would promote a more informed and durable final framework.[10]

Stable and aligned rules are particularly important for CD activity, which often involves multi-year commitments, layered financing, recurring partnerships, and advance capital planning. Repeated changes in evaluation standards can redirect CRA personnel and resources from community activity to regulatory implementation, and can make banks and community partners less willing to undertake long-term initiatives whose future CRA treatment is uncertain.

Any final rule should distinguish the CRA's substantive objective—evaluating responsiveness to community credit needs—from the choice of evaluation method. Adding consumer lending as a Major Product Line and applying the RLT may be appropriate for some institutions, but it will not yield representative results for every specialized or limited-footprint bank. The final rule should therefore retain evaluation methods that apply common CRA principles while accounting for differences in products, customers, delivery channels, markets, and assessment area structures. This approach would improve consistency without requiring a bank to alter its operations merely to fit a test designed for a different business model.

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[9] 91 FR at 52114.

[10] *See* 5 U.S.C. § 553(b)–(c) (discussion of notice of proposed rulemaking and an opportunity for public comment).

II. Preserve and Strengthen Existing Wholesale/Limited Purpose Definitions and the Community Development Test

In 1995, the OCC, Board of Governors of the Federal Reserve System, FDIC, and Office of Thrift Supervision (collectively, the "1995 Rulemaking Agencies") jointly replaced the prior framework, which evaluated institutions under twelve assessment factors. The agencies acted after proposals issued in 1993 and 1994 and substantial public comment. The resulting framework differentiated evaluation methods by institution size and business model: it established lending, investment, and service tests for large retail institutions; a streamlined lending test for small institutions; a CD test for approved W/LP institutions; and an optional strategic-plan method. Finding additional need for differentiation, the intermediate-small-bank category was added in 2005.[11]

A. The Community Development Test[12]

By establishing distinct evaluation methods, the 1995 Rulemaking Agencies recognized that a traditional retail test would not appropriately measure every bank's CRA performance. For institutions whose specialized business models are not measured appropriately by retail tests, including the RLT, the CD test evaluates CD activities (lending, investments, grants, and services) as the principal means of demonstrating responsiveness to community credit needs. Examining those activities produces a more meaningful evaluation of CRA performance. Supervisory experience over the past three decades provides evidence that the CD test can produce rigorous CRA evaluations while allowing specialized institutions to direct their resources toward CD needs in ways consistent with their business models.

B. Mismatch of Retail Evaluation Methods

For a traditional branch-based bank, assessment-area lending can be an informative measure of local responsiveness. For W/LP banks, however, a traditional retail test may not reflect the institution's business model. Wholesale banks focus on non-retail products and/or customers, while LP banks may offer a narrow retail or credit product regionally or nationally without concentrating activity around their one or few offices. As a result, an assessment-area-focused RLT analysis may be unrepresentative of such a bank's CRA activity and an unsound basis for evaluating its overall CRA performance. For example, the in/out ratio may be driven by the bank's limited physical footprint rather than the quality or distribution of its overall lending.

For a bank with a single branch or similarly limited physical footprint and a nationwide product, a low RLT in/out ratio may be a structural consequence of that footprint regardless of how effectively the bank serves LMI borrowers and communities within its assessment area. In those circumstances, the RLT in/out ratio risks functioning as a proxy for branch footprint rather than as a measure of CRA responsiveness. The final rule should exclude banks with regional or national lending platforms with one or very few assessment areas from the RLT in/out analysis. It should also permit comparable treatment for a strategic plan bank when the approved plan demonstrates that the ratio would not produce a representative evaluation. Agency designation and/or strategic plan approval processes provide an administrable means for making that determination before an examination.

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[11] *See* 60 FR at 22156, 22157–58, 22160–61, 22168–69; 70 FR 44256 (creating the intermediate small bank category).

[12] *Id.* at 22156, 22160–62, 22168–70 (describing the CD test).

C. Consumer Loans Should Not Be Considered as a Major Product Line for Specialized Institutions

In response to Questions 5 and 7 of the Proposal, we believe that consumer lending should not be treated as a Major Product Line unless the resulting analysis would provide a representative measure of the bank's CRA performance. The current framework already permits consumer lending to be evaluated when it constitutes a substantial part[13] of a bank's business *and* can support a meaningful evaluation.[14] If the LP designation were to be removed, a nationwide consumer product might constitute a Major Product Line for some LP banks, even though the evaluation would consider lending within one or very few assessment areas representing as little as one percent of that product.[15] For W banks that do not meet the proposed five-percent incidental-activity threshold test, retail activity would consist almost exclusively of accommodations to existing customers and may not be representative of retail delivery to a local assessment area. Under the proposed ratings criteria, many of the undersigned institutions would likely fail both the proposed RLT and retail service test due to the relatively small number of loans (by number and dollar amount) in the assessment area, the extremely low percentage of loans inside the assessment area, and the lack of branches.[16] An evaluation methodology should not permit a small subset of activity to determine the CRA assessment of the institution as a whole. The relevant inquiry should be whether the applicable test produces a representative assessment of the institution's CRA performance.

A Major Product Line threshold determines which product is evaluated; it does not make an assessment-area-based retail test representative when an LP bank's assessment-area activity is minimal, or when a W bank's retail activity consists almost exclusively of customer accommodations. Applying the RLT to that subset of a Major Product Line would likely produce an adverse in/out ratio and cause the evaluation to turn principally on the location of the bank's limited physical footprint rather than its overall responsiveness to community credit needs. The Agencies should therefore retain the existing W/LP definitions and the CD test for institutions whose retail activity or accommodations cannot be evaluated representatively as a Major Product Line under the RLT.[17]

D. Avoiding Distortive Business-Structure Incentives

The Agencies should avoid imposing an evaluation framework that creates incentives to discontinue an otherwise lawful product, move it to an affiliate, or shift it to another entity merely to avoid a structurally mismatched CRA result. Such restructuring would not increase lending or CD activity in LMI communities; it would principally change the entity through which the activity is conducted. It also could require or result in changes to established funding, capital, governance, operational, and risk-management arrangements for reasons unrelated to CRA responsiveness.

E. Retain a Facts-and-Circumstances Standard for Wholesale/Limited Purpose Eligibility

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[13] *See* 91 FR at 52123–25 (with emphasis on the "substantial majority" treatment at 52123).
[14] *Id*. at 52123 (describes the current treatment of consumer lending under the lending test).
[15] This result has been verified by at least three participating institutions which have indicated assessment area based consumer lending is between 0.5% and 1% of the total that would be evaluated as a Major Product Line under the RLT.
[16] *See* 91 FR at 52196-98 (Subpart E Appendix A(b)(1)(i)-(v) and (A)(b)(3)(i)-(v)).
[17] *Id.* at 52123–25 (Questions 5 and 7, Major Product Line alternatives, and possible elimination of the LP bank category).

The Agencies recognize that bank customer bases are increasingly geographically dispersed and state that the Proposal would "leave the current assessment area framework largely unchanged."[18] The proposed restrictions on use of the CD test, however, seem contrary to the stated objective and would narrow an evaluation method that the 1995 Rulemaking Agencies established for bank business models that serve geographically dispersed customers with a limited physical footprint. The CD test has been highly effective in enabling W/LP banks to meet the credit needs of their communities.[19] The final rule should preserve the standalone CD test where retail-oriented tests would not produce a representative evaluation.[20]

The Agencies should withdraw the proposed five-percent threshold for activities conducted on an "incidental basis"[21] and retain a facts-and-circumstances methodology. Whether an activity is an accommodation should turn on its relationship to the bank's primary business, the customers to whom it is offered, and whether it is generally available—not solely on its volume relative to total activity. The proposed standard also would test the five-percent limit at each of the preceding two year-ends and restrict advertising or marketing of the ancillary product. Those requirements could cause a bank to lose eligibility based on a limited activity that does not alter its fundamental business model. They also could discourage customer accommodations, complementary products, and responsible product innovation.

The final rule should focus on whether the activity changes the character of the institution's business, rather than treating volume or marketing alone as dispositive and potentially driving a bank's business decisions.[22]

F. Agency Review Provides Appropriate Safeguards

The designation process provides safeguards against inappropriate use of W/LP treatment. Under the 1995 framework, a bank seeking designation as a W/LP institution is required to obtain agency approval, and the agency can revoke the designation after notice and an opportunity for a hearing. The Proposal likewise provides an agency review process. These provisions allow the regulator to consider the institution's business model and determine whether the CD test is the appropriate evaluation method.

In addition, a bank whose operations materially change may seek, or become subject to, reconsideration of its designation.[23] Those safeguards address the underlying supervisory concern more directly than a numerical threshold: they allow the Agencies to deny or reconsider W/LP treatment when an institution's actual business model no longer warrants it, without disqualifying institutions based on activity that has not materially changed the character of their business. Agency approval and continuing authority to reconsider or revoke a designation would preserve an effective safeguard against inappropriate use.

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[18] *Id*. at 52119.
[19] *See* 60 FR at 22160–62.
[20] *See* 91 FR at 52119, 52123–25 (stating the proposal would retain much of the current assessment-area framework while proposing changes to W/LP treatment, yet failing to account for the nonrepresentative RLT for W/LP banks).
[21] *Id.* at 52153 (proposing measurement of the incidental-activity threshold at the preceding two year-ends and proposing advertising and marketing restrictions).
[22] *Id.* at 52123-125 (discussion of proposed wholesale-bank eligibility, incidental activities, and the five-percent threshold); *compare* 12 C.F.R. pt. 25, App. G, §§ 25.12, 25.25 (legacy definitions and CD test).
[23] *See* 60 FR at 22168–69 (agency designation and revocation procedures for W/LP institutions); 91 FR at 52189 (proposed amendments to the designation framework).

G. Permit W/LP Treatment When the Community Development Test Provides the More Representative Evaluation

Institutions operate valuable business models that are not conducive to asset-based retail tests and cannot be evaluated adequately under the RLT or another retail test. Rather than narrow the range of banks permitted to request W/LP designations, the Agencies should retain the W/LP definitions and CD test established in the 1995 framework.

The final rule also should permit a bank to seek W/LP treatment by demonstrating, through a documented facts-and-circumstances showing, that the CD test would "present a more accurate picture of the institution's CRA performance" than the otherwise applicable retail tests.[24] Relevant considerations should include the bank's products, customers, delivery channels, geographic footprint, the share of activity captured within assessment areas, and the availability of meaningful peer comparisons.

To the extent there is concern about whether retail products of a W/LP bank are appropriately available to the community, the Agencies conduct fair lending examinations that include these products, the results of which are taken into consideration when finalizing a CRA performance rating.[25]

H. Strategic Plans[26] Should Supplement, Not Replace, Wholesale/Limited Purpose Treatment

The Proposal appears to contemplate[27] strategic plans as a possible alternative if the LP designation is eliminated and the W definition is narrowed. The 1995 Rulemaking Agencies, however, established the strategic plan option and the CD test as separate and distinct evaluation methods.[28] The strategic plan option was designed to provide optional institution-specific tailoring, not to replace or act as a mandatory workaround for institutions that otherwise appropriately qualify for the CD test.

Requiring an institution that otherwise warrants W/LP treatment to negotiate an individually developed strategic plan would introduce needless uncertainty and administrative burden without improving the resulting CRA performance evaluation. Although a strategic plan can provide important tailoring for a W/LP institution evaluated under the CD test, it should not replace use of the CD test or require an institution to adopt retail tests that do not produce a representative evaluation. The existence and structure of both methods support retaining the CD test for institutions that qualify for W/LP treatment, as well as the flexible strategic plan option.

III. Maintain Geographic Flexibility for Community Development Activity

Under the 1995 CRA framework, W/LP banks, as well as banks using strategic plans, have developed substantial expertise in CD lending, investments, and services. These activities often extend beyond assessment area boundaries because CD needs are broad and interconnected, frequently spanning county lines and linking urban and rural communities. The undersigned institutions have collectively

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[24] Interagency Questions and Answers Regarding Community Reinvestment ("Interagency Qs & As"), § __.12(n)—A2 (this is one of the factors that the Agencies currently consider in regards to other types of retail lending in which a LP bank may incidentally engage).
[25] 12 C.F.R. § 25.28(c) (2022), § 345.28(c).
[26] *See* 60 FR at 22156, 22160–62, 22168–70 (describing the separate strategic-plan option).
[27] *See* 91 FR at 52124–25, 52141–47.
[28] *See* 60 FR at 22159–62 (noting that the strategic plan option and CD test resolve RLT evaluation anomalies).

provided over $10 billion in CD activity, with over $5 billion benefiting communities outside their assessment areas during their last performance evaluation periods.[29] The Agencies should evaluate the location, purpose, impact, and responsiveness of CD activity rather than discount it because it occurs outside of narrow assessment-area boundaries or impose hurdles to considering CD activity outside assessment areas.

A. CD Activity Inside and Outside Assessment Areas

The Proposal would replace the existing well-established standard for determining whether CD activity outside a bank's assessment areas can qualify for CRA credit with one of two options.

Option 1. The Proposal's first option would implement a fixed annual Tier 1 capital threshold: 1.25% of Tier 1 capital for W/LP and Intermediate banks and, for Large banks, 0.625% of Tier 1 capital for CD loans or CD investments, or 1.25% for both.[30] As proposed, the threshold would focus the CD activity test on a bank's size rather than an assessment of local CD opportunities or a bank's responsiveness to community needs. This approach would be particularly punitive for a bank with one—or a small number of—assessment areas, as is typical for W, LP, and many strategic plan banks. The Proposal provides no empirical analysis[31] supporting the calibration or demonstrating how it would encourage additional CD activity locally or outside assessment areas. Applying Option 1 could require large amounts of qualifying CD activity in a limited geography even where local need and qualifying opportunities are insufficient. Furthermore, by creating uncertainty for CD activity outside assessment areas, Option 1 could concentrate activity where the test requires it rather than where unmet needs are greatest, reducing consideration for highly valuable and responsive activity in broader statewide, regional, or national markets. For example, in one market in which several of the undersigned institutions have assessment area requirements, the aggregate annual Tier 1 capital threshold would require these banks collectively to conduct $1.95 billion in CD activity each year before activity outside the assessment area could be considered.[32] This market likely cannot absorb that level of CD activity in a single year, let alone successive years. Banks would therefore lack certainty that any CD activity outside an assessment area would be considered.

Option 2. Under the Proposal's second option, the criteria describing the qualitative standard that banks can apply reliably before an examination is not sufficiently clear. This creates the same uncertainty about CD activity outside an assessment area as Option 1.[33] If the Agencies nevertheless adopt a qualitative standard similar to Option 2, the final rule should identify the factors examiners will consider, explain how those factors interact, and provide representative examples showing when activity outside

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[29] These figures represent the aggregate of "all CD activity" and "CD activity outside assessment areas" as reported in the most recent CRA performance evaluations of the undersigned institutions.
[30] *See* 91 FR at 52139–41 (see Question 34 and related discussion in reference to Option 1).
[31] The Proposal does not cite any data source or analysis completed that local assessment area markets have capacity for banks to individually, or collectively, meet the proposed Tier 1 capital threshold in order for some, or all banks, to present to the Agencies sufficient CD activity to consider CD activity outside assessment areas.
[32] The $1.95 billion figure represents the aggregate annual Tier 1 capital-based thresholds of 1.25% for the Salt Lake City–Murray, Utah MSA. Data is derived from the June 30, 2026 FDIC Deposit Market Share Report for the Salt Lake City–Murray, Utah MSA, and the June 30, 2026 Call Reports of the banks in this study (12 banks subject to the CD test (W/LP) or intermediate bank test subject to a 1.25% Tier 1 capital threshold, and thirty banks using the large bank test subject to the 0.625%/0.625% Tier 1 capital thresholds).
[33] *See* 91 FR at 52140–41 (see Question 34 and related discussion in reference to Option 2).

assessment areas will receive consideration. The determination should be based on objective facts and the bank's performance context and should provide sufficient certainty for institutions to plan multi-year CD commitments before an examination.[34] Predictable criteria are essential to multi-year CD planning and consistent supervision.

Neither of the Proposal's alternatives addresses the core concern: community need and banks' capacity to respond through CD activity. Option 1 substitutes a bank-size proxy for an assessment of local needs and opportunities. Option 2, without sufficiently objective standards, would reduce the certainty banks need to make multi-year CD commitments benefiting broader statewide and regional areas, including rural communities and markets with limited access to CRA capital.[35]

Accordingly, in response to Question 34 of the Proposal and the accompanying proposed geographic-flexibility alternatives, the undersigned institutions strongly recommend that the final rule retain the current standard: once a W/LP institution has adequately addressed needs benefiting its assessment areas, qualifying CD activity outside those areas should receive full consideration.[36] The existing performance-based standard appropriately prioritizes local needs while allowing broader activity after a bank has adequately addressed needs within its assessment areas.

B. Prior-Period Community Development Activities

The Proposal states that the Agencies "will consider any community development activity that was eligible for CRA consideration at the time the bank conducted the activity… or remains on a bank's balance sheet." In response to Question 8 of the Proposal, the undersigned institutions strongly support this approach. This treatment would encourage longer-term financing for LMI communities and an appropriate mix of lending and investment activities driven by market needs rather than examination timing. It also would support financing structures for affordable housing and economic development, including investments in small business investment companies, that often require specialized expertise and flexibility.[37]

C. Community Development Services

The final rule should not categorically restrict consideration of CD services to activities performed within assessment areas and should instead extend the proposed geographic-flexibility alternatives to CD services.[38] W, LP, strategic plan, and other limited-footprint banks may employ personnel and maintain relevant expertise in locations far from their assessment areas. After a bank has demonstrated adequate responsiveness to needs within its assessment areas, the evaluation should consider the purpose, impact, and responsiveness of qualifying services performed in statewide, regional, and national markets. This approach would preserve the priority of local needs without excluding meaningful services solely because the employees who provide them are located elsewhere.

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[34] For example, if a bank received a Satisfactory or Outstanding rating for an assessment area in the most recent performance evaluation, the Agencies could indicate in the final rule that CD activity outside assessment areas in the current evaluation period will be considered.
[35] *See* 91 FR at 52139–41 (proposed geographic-flexibility standards and Question 34).
[36] 12 C.F.R. § 25.25(e)(2) (2022); Interagency Qs & As, § __.25(e)—1; (legacy treatment of CD activity within assessment areas and in broader statewide or regional areas); 91 FR 52139–41.
[37] *See* 91 FR at 52128 (Question 8 and prior-period CD loan and investment consideration); *id*. at 52137–38 (eligible activity conducted during the evaluation period or remaining on the balance sheet).
[38] *Id.* at 52129, 52140-42 (applicable to Question 34).

IV. Preserve Meaningful Strategic Plan Flexibility Without Using Strategic Plans as a Substitute for Wholesale/Limited Purpose Treatment

The strategic plan option should remain available to tailor CRA evaluation to a bank's business model and performance context, but it should supplement—not replace—W/LP eligibility or the CD test. Requiring an otherwise qualifying W/LP institution to rely exclusively on a strategic plan would replace the well-established CD test with a recurring, institution-specific approval process involving public participation, agency review, measurable goals, and potential amendments. It also would not necessarily eliminate data obligations arising from the bank's asset-size classification, including consumer-loan data requirements when consumer lending is a Major Product Line. In response to Question 2 of the Proposal, the undersigned institutions believe the applicable CRA evaluation, rather than asset-size classification alone, should determine a bank's CRA evaluation requirements, particularly those unrelated to the applicable performance test. Any asset-based requirements should remain relevant and proportionate to the institution's actual CRA evaluation method.[39]

In response to Questions 38 through 41 of the Proposal, a strategic plan should not be required to include retail lending goals or every component of the otherwise applicable performance test when those elements would not provide a meaningful measure of the bank's CRA responsiveness. A bank should be permitted to propose measurable goals based on its activities, communities, business model, capacity, and constraints, subject to public participation and agency approval. Performance context should remain central to both approval of those goals and the evaluation of the bank's performance under the approved plan.[40]

In response to Questions 43 through 46 of the Proposal, a strategic plan should be permitted to include measurable goals for qualifying CD activity outside assessment areas. At the bank's election, that activity should receive consideration after the bank has demonstrated adequate responsiveness within its assessment areas and should be capable of supporting either satisfactory or outstanding performance when consistent with the approved plan.[41]

In response to Questions 49 through 54 of the Proposal, the Agencies should establish transparent standards and reasonable timelines for prefiling communications, plan submissions, agency decisions, effective dates, amendments, denials, and resubmissions. Early engagement with knowledgeable supervisory staff can improve plan quality and reduce avoidable delays, but the process will be effective only if the Agencies provide sufficient and appropriately trained staff to review draft and submitted plans promptly. Amendments should be available when material changes in markets, products, business conditions, or community needs make approved goals no longer representative, and banks should be entitled to rely on approved metrics through the plan term, subject to clearly stated conditions.[42]

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[39] *Id.* at 52120, 52123, 52141–47 (Question 2, continued application of asset-based requirements, and proposed strategic-plan reforms).
[40] *Id.* at 52143–46 (strategic-plan measurable goals, performance context, and Questions 38–41).
[41] *Id.* at 52146–47 (Questions 43–46 and consideration of CD activity outside assessment areas under strategic plans).
[42] *Id.* at 52114, 52144–47, 52191–92, 52209–10 (prefiling communications, technical-completeness review, approval periods, amendments, denials, resubmissions, and Questions 49–54).

V. Limit Data, Retail Evaluation, and Transition Requirements to Those That Support Reliable CRA Evaluations

A. Data Collection, Reporting, and Compliance Burden

Consistent with the undersigned institutions' responses to Questions 5 and 7 of the Proposal, the final rule should require consumer-loan and other new data only when the information will support a representative, comparable, and decision-useful CRA evaluation. For a specialized bank, reporting an entire Major Product Line may require loan-level data lineage, geocoding, borrower-income processes, validation, governance, controls, and examination-production capabilities even though only a small and potentially unrepresentative share of the data reported falls within assessment areas. For an institution for which only approximately 0.5% to 1% of a nationwide consumer loan product falls within its assessment areas, this could mean building and maintaining data infrastructure across the entire product in order to support an evaluation of a small—and potentially unrepresentative—subset of the activity. Requiring those systems without a defined supervisory or public use—and without comparable peer data across agencies and similarly situated institutions—would impose substantial cost while adding little in terms of performance evaluation. The burden should be justified by the role the information will actually play in the applicable CRA evaluation.[43]

Accordingly, the Agencies should limit annual reporting to information necessary for a defined supervisory or public purpose. Unless a statute requires annual submission, information needed only for a particular examination should be collected during that examination. Applicable definitions, record layouts, validation rules, and peer group methodologies should be consistent across agencies and proportionate to the role the information will play in the evaluation.

B. Implementation and Transition

In response to Question 59 of the Proposal, the final rule should provide at least two years for implementation of new data collection, reporting, systems, governance, and examination-production requirements to accommodate vendor management, systems development, data sourcing and remediation, control design, testing, governance approvals, and examination-readiness work. New performance standards should apply to a bank at the beginning of a new evaluation period rather than during an evaluation period already underway. This general implementation period should operate separately from, and should not reduce, any transition protection applicable when an agency revokes a W/LP designation. A bank transitioning from the CD test should receive at least the stated twelve-month transition period, measured from a final agency decision and supported by applicable examination guidance. Existing W/LP designations should remain effective until the agency completes any required review, and approved

[43] *See* 44 U.S.C. §§ 3506(c)(1)(A), 3508 (requiring review of proposed information collections for necessity, practical utility, and burden); 91 FR at 52123–25, 52147–49, 52175–78 (Questions 5 and 7, proposed consumer-loan data requirements, and Paperwork Reduction Act request for comment).

strategic plans should remain effective through their approved terms[44] while a successor plan is developed under the new framework.[45]

CONCLUSION

Thank you for the opportunity to comment. The undersigned institutions believe that a durable, value-added CRA framework should measure how effectively a bank responds to its community credit needs without requiring the bank to change its lawful business model, product mix, customer base, or geographic footprint merely to fit an evaluation method that does not produce a representative result.

Consistent with that principle, the undersigned institutions respectfully recommend that the Agencies:

I. Not finalize materially different CRA standards without an aligned interagency framework and, if material policy choices remain unresolved, provide a further notice-and-comment opportunity;

II. Retain and strengthen the existing definitions for W/LP designations and continue to use the CD test for qualifying institutions; permit a bank to demonstrate that the CD test would provide a more representative evaluation than the otherwise applicable retail tests; replace the proposed five-percent incidental-activity cap with a facts-and-circumstances standard; exclude regional or national lenders with only one or very few assessment areas from the retail in/out analysis when the ratio would not produce a representative evaluation; rely on agency approval and continuing authority to reconsider or revoke a designation as safeguards; and avoid evaluation standards that create incentives to alter product offerings or legal-entity structures without improving CRA responsiveness;

III. Retain the existing performance-based approach to CD activity outside assessment areas, reject a fixed Tier 1 capital threshold, continue full consideration of qualifying prior-period CD loans and investments, and consider qualifying CD services outside assessment areas after the bank has demonstrated adequate local responsiveness;

IV. Preserve strategic plans as a flexible supplement—not a substitute for W/LP treatment—with transparent approval and amendment standards, reasonable reliance on approved metrics, protection for plans through their approved terms, and sufficient, appropriately trained agency staff to provide timely and nationally consistent review; and

V. Apply consumer-loan data collection and reporting requirements only when they support representative, comparable, and decision-useful CRA evaluations, and provide reasonable implementation and transition periods.

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[44] Similarly, existing W/LP designations and approved strategic plans should remain effective following a charter conversion unless and until the new regulator formally revokes the designation, subject to the twelve-month transition period, or requires amendment of the strategic plan.

[45] *See* 91 FR at 52155 (Question 59 and proposed effective-date, transition, designation-review, and strategic-plan provisions).

We thank the Agencies for considering these comments and look forward to continued engagement as the rulemaking process moves forward.

Sincerely,

Ally Bank
American Express National Bank
Comenity Capital Bank
Credit One Bank, N.A.
Nelnet Bank
State Street Bank and Trust Company
Synchrony Bank
TD Bank USA, N.A.
UBS Bank USA, N.A.