



Office of the Comptroller of the Currency
400 7th Street SW, Suite 1E-216
Washington, DC 20219

Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Submitted electronically through the Federal Deposit Insurance Corporation's public-comment portal

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

To the Comptroller of the Currency and the Board of Directors of the Federal Deposit Insurance Corporation:

Dear Comptroller and FDIC Leadership:

On behalf of the Texas Association of Community Development Corporations (TACDC), I respectfully submit this comment letter opposing significant elements of the proposed revisions to the Community Reinvestment Act (CRA) regulations. TACDC urges the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) to reconsider provisions that would weaken accountability for meeting community credit needs, diminish transparency, and undermine investment in affordable housing, small businesses, and economically distressed communities.

TACDC is a statewide nonprofit trade association representing community-based organizations working to expand economic opportunity and improve the quality of life for low- and moderate-income Texans. Our members include Community Development Corporations (CDCs) that develop affordable housing, revitalize neighborhoods, and provide essential community services, as well as Community Development Financial Institutions (CDFIs) that finance small businesses, entrepreneurs, and other borrowers who often face barriers to conventional credit. Our members work in urban, suburban, rural, and economically distressed communities throughout Texas.

Our members understand firsthand that community development depends on a functioning partnership among banks, nonprofit organizations, public agencies, and mission-driven financial institutions. The CRA is a foundational mechanism for encouraging banks to participate in these partnerships and help meet the credit needs of the communities they serve. Although we support reasonable efforts to simplify regulations and provide greater clarity to financial institutions, the



proposed rulemaking is not reasonable, and regulatory efficiency must not come at the expense of meaningful community investment and public accountability.

I. The CRA Must Continue to Promote Meaningful Investment in Affordable Housing and Community Development

Affordable housing remains a critical need across Texas. CDCs develop and preserve affordable rental housing, support homeownership, rehabilitate deteriorating properties, and revitalize neighborhoods where private capital alone frequently fails to meet community needs. These activities often depend on complex financing structures that combine bank loans, grants, philanthropic resources, public funding, and specialized financing from CDFIs.

The CRA helps encourage banks to participate in these transactions by recognizing the value of lending, investments, and services that support community development. Weakening that incentive could make it more difficult for nonprofit developers to assemble viable financing packages, increase the cost of affordable housing production, and limit the ability of communities to preserve existing affordable units.

TACDC is particularly concerned that changes intended to narrow or redirect qualifying community development activities could create uncertainty for banks and their nonprofit partners. Banks need clear, predictable rules that recognize the full range of legitimate community development activities, including affordable housing development and preservation, rehabilitation of distressed neighborhoods, and financing for community facilities serving low-income populations.

We urge the agencies to preserve broad, practical eligibility for activities that demonstrably benefit low- and moderate-income communities. Any qualifying-activity framework should be transparent, sufficiently flexible to accommodate local needs, and responsive to the realities of financing affordable housing and community development projects.

II. Excluding Deposit Services Would Overlook an Important Dimension of Community Reinvestment

The proposed rule would narrow the range of retail banking services considered in CRA evaluations by excluding deposit services. TACDC opposes this approach.

Access to safe, affordable banking is an important component of economic stability. Low-income households and small businesses need accessible deposit accounts to receive income, save for emergencies, manage expenses, and establish financial relationships that can support future borrowing. In communities where traditional banking access is limited, the availability and affordability of deposit services can be particularly important.



Although deposit services are not a substitute for responsible lending, they are an essential part of a bank's relationship with its community. Removing them from consideration risks overlooking whether financial institutions are providing meaningful access to basic banking services in the neighborhoods they serve.

TACDC urges the agencies to retain a comprehensive assessment of retail banking services, including deposit access, affordability, accessibility, and responsiveness to the needs of low- and moderate-income communities. CRA evaluations should encourage banks to expand responsible banking relationships, not limit the definition of community service to a narrower set of activities.

III. Preserve Transparency and Accountability Through Meaningful Data Collection

TACDC is concerned about the proposal to exempt banks with \$10 billion or less in assets from certain CRA data collection, maintenance, and reporting requirements. We recognize that smaller institutions have fewer resources to devote to compliance. However, reducing reporting requirements without adequate safeguards could make it harder for regulators and the public to determine whether community credit needs are being met. TACDC and our members do not want to see any changes to the current bank asset-size classifications.

Reliable data help identify underserved neighborhoods, evaluate lending patterns, measure access to credit, and determine whether community development investments are reaching the people and places with the greatest need. For nonprofit housing developers and CDFIs, transparent information about lending and investment patterns can also support effective partnerships with financial institutions.

Texas includes large metropolitan areas alongside rural communities, smaller cities, and regions experiencing persistent economic challenges. Aggregate information can obscure significant differences in access to capital within these areas. Without appropriate data, gaps in mortgage lending, small-business financing, and community development investment may be more difficult to identify and address.

IV. Protect the Role of CDFIs and Community-Based Lending Partnerships

CDFIs are essential partners in expanding access to capital for small businesses, entrepreneurs, and communities that are underserved by conventional financial institutions. TACDC members use specialized lending, technical assistance, and local knowledge to support businesses that create jobs, strengthen neighborhood economies, and provide goods and services in underserved areas.

These institutions frequently collaborate with banks to structure financing, extend credit to borrowers with limited collateral or credit histories, and support projects that may not proceed



through conventional underwriting alone. CRA incentives can encourage banks to provide loans, investments, and other support that enable these partnerships to operate effectively.

The agencies should ensure that the regulations recognize the community development value of financing delivered through qualified CDFIs and other mission-driven intermediaries. The proposed rules do not accomplish this. Community development lending should not be evaluated so narrowly that it discourages banks from partnering with organizations that possess specialized expertise and established relationships with underserved borrowers.

The final rule should clearly recognize qualifying loans, investments, and other eligible support that help CDFIs finance affordable housing, small businesses, and community revitalization. It should also preserve a workable process for confirming eligibility so that banks can make informed commitments without unnecessary uncertainty or delay.

V. Ensure Community Development Grants Reach Communities Without Undermining Effective Organizations

TACDC supports appropriate safeguards to ensure that community development grants benefit their intended recipients and produce meaningful community outcomes. However, rules governing grants and donations should recognize that effective nonprofit organizations require qualified staff, sound financial management, compliance systems, and other reasonable operating resources to deliver those outcomes.

Restrictions that fail to distinguish between excessive administrative costs and necessary organizational capacity will weaken the organizations responsible for delivering affordable housing, small-business financing, and essential services. Smaller community-based organizations will be especially vulnerable to rules that impose rigid requirements without accounting for differences in organizational size, mission, and operating model.

We encourage the agencies to adopt clear, practical standards that prevent misuse of grant funding while recognizing reasonable administrative and operational expenses necessary to achieve community development objectives. The focus should remain on measurable community benefits, sound stewardship, and effective delivery of services to underserved populations.

VI. Recommendations and Conclusion

TACDC respectfully urges the OCC and FDIC to revise the proposed rule to:

1. **Preserve strong CRA accountability** by ensuring that regulatory simplification does not diminish banks' responsibility to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods.



2. **Retain consideration of deposit services** as part of a comprehensive evaluation of access to affordable, responsible retail banking.
3. **Maintain meaningful data transparency** through proportionate reporting requirements and appropriate safeguards that allow regulators and the public to identify unmet credit needs and disparities in access to capital.
4. **Protect community development financing partnerships** by recognizing qualifying activities conducted through CDFIs, CDCs, and other mission-driven organizations that serve low-income communities and small businesses.
5. **Support effective nonprofit capacity** by ensuring that grant and donation standards distinguish necessary operating expenses from improper diversion of funds.
6. **Provide clear and inclusive qualifying-activity standards** that recognize the diversity of affordable housing, community revitalization, and economic development needs across Texas.

The Community Reinvestment Act is more than a regulatory framework. It is an important public policy tool for encouraging the financial resources of the banking system to help meet community needs. For Texas communities facing housing shortages, limited access to small-business capital, and persistent economic disparities, a strong and effective CRA remains essential.

TACDC urges the OCC and FDIC to reconsider the proposed changes identified in this letter and adopt a final rule that preserves meaningful incentives for community investment, supports effective partnerships between banks and community-based organizations, and maintains transparency and accountability for the communities the CRA was enacted to serve.

Thank you for considering our comments and for the opportunity to represent the perspectives of Texas's community development sector.

Sincerely,

Matt Hull
Executive Director