On May 20, 2020, the Office of the Comptroller of the Currency (OCC) acted alone in issuing a structurally flawed final rule on the Community Reinvestment Act (CRA) that weakens the CRA and will harm low- and moderate-income (LMI) communities and communities of color. Rather than postpone rulemaking to focus on the devastating economic crisis caused by the COVID-19 health pandemic, the OCC issued the rule a mere six weeks after the closing of the comment period on its proposed rule despite broad requests for delay from community groups, civil rights and consumer organizations, and industry. The OCC received over 7,400 comments on the rule and acknowledged that most of the comments disagreed with the proposal’s approach, but decided to side with the minority of comments in support of the proposed rule. Unfortunately, the OCC’s rule will harm the communities most adversely affected by the current crisis, including many families that were hardest hit by the Great Recession and have yet to recover.

The OCC should scrap the final rule and work with the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board to achieve an interagency rule that strengthens the CRA and adheres to its statutory mission.

The new evaluation measure is overly simplistic, fails to ensure that local banking needs are met, and sanctions bank redlining.

The rule disincentives investment in LMI neighborhoods and communities of color.

Banks will have less public and supervisory accountability.

Despite emphasizing the importance of public comments on a local community’s needs, it is unclear how such comments will be considered, particularly in light of what will likely be a less transparent exam. And instead of evaluations every two to three years, banks receiving a rating of Outstanding will be evaluated every five years.