



Mutual Alert

Federal Bank Regulators Issue Final Rule on Community Reinvestment Act Regulations

Bank regulators **announced** the finalization of a rule overhauling Community Reinvestment Act regulations on Tuesday. The **new rule** will require banks to broaden the areas they lend in and tailors CRA evaluations and reporting requirements based on bank size. The new rule will go into effect starting January 2026.

Under the new framework, large banks are now defined as banks with over \$2 billion in assets. Banks with over \$10 billion in assets will be required to collect additional data related to online banking, automobile lending, and community development services. Banks with less than \$2 billion are fall into either the small or newly created intermediate category, with small banks being defined as banks with less than \$600 million in assets and intermediate banks having \$600 million to \$2 billion in assets. Both small and intermediate banks are exempt from the additional reporting requirements.

The rule was approved by a vote of 3-2 at the FDIC and a vote of 6-1 by the Fed Board. FDIC Vice Chairman Travis Hill, FDIC Director Jonathan McKernan, and Fed Governor Michelle Bowman released dissenting opinions on the rule, noting that the new asset threshold for large banks is too low and will unfairly burden community banks with intensive compliance efforts while subjecting them to the same evaluation as banks with much larger in size.

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