Chicago Community Loan Fund
Helping create communities where people thrive

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August 18, 2025

**RE: A Proposed Rule by the Comptroller of the Currency, the Federal Reserve System, and the Federal Deposit Insurance Corporation on 07/18/2025**

*Office of the Comptroller of the Currency: 12 CFR Parts 24, 25, and 35, [Docket ID OCC-2025-0005], RIN 1557-AF30;*
*Federal Reserve System: 12 CFR Parts 207 and 228, Regulation BB, [Docket No. R-1869], RIN 7100-AG95;*
*Federal Deposit Insurance Corporation: 12 CFR Parts 345 and 346, RIN 3064-AG13*

To Whom it May Concern:

The Chicago Community Loan Fund (CCLF) is pleased to submit our comments on the Interagency Notice of Proposed Rulemaking (NPR) regarding the rescission of the Community Reinvestment Act (CRA) regulations published by the Office of the Comptroller of Currency (OCC), the Federal Reserve Board (FRB), and the Federal Deposit Insurance Corporation (FDIC) in the Federal Register on February 1, 2024. The CRA has been a pivotal, but imperfect, tool in transforming historically underserved and marginalized communities for the last 48 years. By spurring investment in overlooked low- and moderate-income (LMI) communities, CRA is integral to fully realizing a just economy that affords people from all walks of life a tangible opportunity to thrive. We aim to provide comments that will help regulators better understand the implications of this proposal and its impact on the communities that we represent.

CCLF is a mission-driven Community Development Financial Institution (CDFI) with a 34-year history of providing responsible, flexible, and patient capital to underserved communities across the six-county Chicago metropolitan area. Guided in large part by the goals of CRA, CCLF has deployed nearly 700 loans totaling approximately $400 million to both for-profit and nonprofit developers. These investments have supported the development and preservation of affordable housing, commercial and retail spaces, community facilities, and social enterprises in low- to moderate-income (LMI) census tracts throughout Chicagoland.

Since its founding, CCLF has contributed to the creation of approximately 12,800 units of housing and close to 7,900 jobs, while leveraging an additional $2 billion in public and private investment to strengthen the communities it serves. The Chicago metropolitan area we serve encompasses approximately 3.3 million households, a significant share of which are low-wealth. Over 25% of these households earn less than $50,000 annually, representing 65.2% of the Area Median Income (AMI).[1]

We are grateful for the opportunity to submit comments on this joint proposal, particularly on behalf of our customers we serve are most at risk of being negatively affected by this proposed rescission. From its inception, CCLF proudly has served a customer base comprised of 67% historically disadvantaged enterprises – including businesses owned by Black, Indigenous, People of Color, women, LGBTQ people, and veterans – operating in communities with limited access to credit and capital.

The 2023 CRA modernization regulations marked the first meaningful update to this critical policy in over 25 years. The joint proposal offered a thoughtful and forward-looking roadmap to modernize the CRA, addressing several longstanding and systemic challenges. Rescinding these regulations would represent a step backward to an era when internet access was limited and financial services primarily were delivered through brick-and-mortar bank branches. We strongly supported several key provisions in the proposed rule changes, as they aimed to address fundamental issues of fairness and effectiveness. These included increasing the rigor of the CRA examination process, improving data collection and analysis, modernizing assessment area frameworks to reflect the realities of online banking, and expanding and refining categories of community development activities, including CDFI collaboration.

We are thankful that the prudential regulators continue to work collaboratively to avoid a return to the fragmented approach previously taken by the Federal Reserve Board (FRB), the Office of the Comptroller of Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) – an approach that contributed to regulatory confusion and regulatory arbitrage. As the needs for housing, jobs, healthy food and quality healthcare increase, the nation deserves a modernized CRA to empower financial institutions to do more – not less – in addressing these challenges. Maintaining the status quo only deepens existing disparities and falls short of this administration's stated commitment to "make America wealthy again."

The 2023 CRA modernization rule represented a significant step forward in strengthening the effectiveness and integrity of CRA implementation. It addressed long-standing issues such as pervasive grade inflation amongst regulated banks, the absence of expanded data collection requirements to more accurately identify disparities in lending and investment, and the need to improve the accuracy of CRA assessments by creating assessment areas that better reflected current banking realities. Importantly, the rule also encouraged greater utilization of key community development tools, including strategic partnerships with CDFIs.

[1] https://www.cmap.illinois.gov/documents/10180/102881/Cook+County.pdf

**CRA Exam Grading Practices**

The 2023 CRA modernization rules made meaningful changes to address the rampant CRA grade inflation currently allowed under the 1995 rules. The 1995 structure allows banks in some cases to do less than the bare minimum to serve low-wealth and majority-minority communities and still receive a passing grade. Recognizing that 98% of banks received either Satisfactory or Outstanding marks, the 2023 rules set higher benchmarks that offered a more differentiated and nuanced grading scale to reward more innovative approaches to community development. A system in which 98% of banks receive a rating of Satisfactory or higher, while low-wealth communities across the country continue to be underserved in terms of investment and homeownership opportunities, is fundamentally misaligned with the original intent of the CRA.

The CRA was established to ensure that financial institutions are held accountable for meeting the credit needs of the communities in which they operate – particularly LMI neighborhoods. Access to credit is a primary determinant of family wealth. If the 1995 CRA rules were working effectively, we likely would have seen a contraction in the wealth gap between the top 10 percent of families and the bottom 50 percent, but that chasm has only grown over the past 30 years. According to reports from the Congressional Budget Office, the share of wealth held by families in the top 10 percent has reached 69 percent, while the share held by families in the bottom 50 percent is only 3 percent.[2]

Additionally, the current framework does not directly address the legacy of redlining and other discriminatory practices within the financial services sector that inhibit minority and low-wealth communities from accessing credit. Homeownership and entrepreneurship for borrowers of color still remains elusive. A 30-percentage point homeownership gap between Black and White borrowers exists today, which is even wider than it was in 1960, despite Black homeownership seeing its largest year-over-year increase in 2023.[3] Locally, a report in 2020 from WBEZ and City Bureau showed that from 2012 through 2018 "for every $1 banks loaned in Chicago's white neighborhoods, they invested just 12 cents in the city's black neighborhoods and 13 cents in Latino areas."[4]

When it comes to gaps in entrepreneurship, studies have shown that while Black entrepreneurs are generally see a higher rate of return on their business than their White and Hispanic counterparts, they are still more than half as likely to open a business, with many citing a lack of access to capital as a primary concern.[5] A 2022 study by the Urban Institute showed that, in Chicago, "68.9 percent of active businesses work in predominantly nonwhite areas, but lenders originated only 56.4 percent of loans to small businesses inside those areas. In middle-income areas, the gap is starker: 16.7 percent of businesses are in predominantly nonwhite areas, but only

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[2] https://www.cbo.gov/publication/60807

[3] https://home.treasury.gov/news/featured-stories/racial-differences-in-economic-security-housing#:~:text=housing%20equity%20wealth.-,Homeownership,the%20lifecycle%20and%20persist%20throughout; https://www.nar.realtor/newsroom/black-homeownership-rate-sees-largest-annual-increase-among-racial-groups-but-still-trails-white-homeownership-rate

[4] https://interactive.wbez.org/2020/banking/disparity/

[5] https://www.nber.org/be/20231/gender-and-race-gaps-path-startup-success; https://www.clevelandfed.org/publications/economic-commentary/2023/ec-202303-racial-differences-returns-business-ownership; https://www.journals.uchicago.edu/doi/10.1086/723238#_i8

9.4 percent of loans to small businesses were originated in these areas."[6]

It is clear that addressing these persistent disparities will require regulators to support and incentivize financial institutions in elevating their level of service to marginalized and underserved communities. To that end, the 2023 rule helped examinations become more standardized and transparent by introducing performance ranges to help all stakeholders know how much lending is deemed satisfactory or outstanding and to allow more emphasis to be given to the qualitative elements of the CRA exam. Lenders with below satisfactory marks will be able to better prioritize lending to LMI borrowers and communities. By their own estimation, if the 2023 rules had been in place from 2018-2020 the percentage of large and intermediate sized banks receiving a rating of either "Needs to Improve" or "Substantial Noncompliance" would have grown to 10.3%. In that case, the performance ranges could have served as a mitigating factor help those institutions address their deficiencies in serving LMI borrowers and census tracts in time to prevent a failing grade. This, theoretically, could have sparked more strategic thinking and collaboration with nonprofit organizations and community development organizations, like CDFIs and MDIs, that are deeply entrenched in the areas where they are underperforming.

## Data Collection

Proper data collection is an essential part of CRA examinations and grading. Examiners are unable to present the most accurate picture of how well banks are serving their assessment areas because they are limited in the factors that they can consider. The 2023 CRA modernization rule took an important step forward by including more comprehensive data from the Home Mortgage Disclosure Act (HMDA) and Dodd-Frank Section 1071. Both of these sources would help regulators dive into some of the core factors that create the disparities we see in credit access and lending, for both homebuyers and small business owners. HMDA data serves as a critical tool for identifying disparities in lending practices across racial and gender lines. It also reveals patterns of disinvestment in rural communities – an area of stated priority for the Trump administration.

Additionally, this rescission would further harm the quality of CRA examinations by doing away with the annual reporting requirements for individual community development loans and investments. Under the 1995 rules, individual loan and investment data is only collected every three to four years during a CRA evaluation, which prevents examiners, banks, and members of the public from getting a comprehensive look at the level and type of community development financing occurring in their locality. The annual reporting requirements for large banks added in the 2023 rule would help examiners better assess gaps in community development financing by providing them with more nuanced data to evaluate performance context and responsiveness to community needs, which are always evolving. These requirements were coupled with established factors for reviewing community development impact and responsiveness, including financing or services that benefit persistent poverty geographies, to be illustrated in the CRA exam by a breakdown of how the bank's community development efforts fit into those categories. This would have created a far more timely and clearer picture of where community development dollars were most needed, especially in response to a crisis. As we witnessed during the COVID-19 pandemic and in response to several natural disasters across the country in recent years, including severe flooding in Chicago, community needs can change in an instant.

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[6] https://www.urban.org/research/publication/measuring-lending-gaps-mortgage-and-small-business-loans-chicagos-communities

**Assessment Areas**

One of the key changes the 2023 modernization made to CRA evaluations was to expand the definition of bank assessment areas to ensure that the regulated entities were being responsive to the needs of all the geographies they served. At a time when over 320 bank branches have been marked for closure, including 20 here in Illinois, and popular financial institutions like Ally and Synchrony service their customers entirely online and have no traditional bank branches, regulators need a tool that reflects how people today are accessing financial services.[7] Even organizations like the American Bankers Association (ABA) who opposed the 2023 modernization recognized the 1995 rules' bank branch model "has not kept pace with technological developments".[8]

This modernization effort produced new retail lending based assessment areas for large banks that conduct more than 20% of their lending outside of branch networks based on the number of loans originated, in addition to a national evaluation outside of assessment areas for all large banks and intermediate small banks that did more than half of their loans outside of branch networks. This expansion significantly increases the likelihood of banks increasing their lending to LMI borrowers and in LMI communities. This is supported by research from the Federal Reserve Bank of Philadelphia who found that banks are less likely to do this type of lending when it is outside of the assessment areas that they are being evaluated in.[9] Maintaining the current standard hinders progress toward the broad-based economic mobility that remains a shared national goal.

Expanding CRA assessment areas is not only within the statutory authority given to the prudential regulatory agencies but is also an essential responsibility of the agencies to keep the CRA viable and efficacious. It was the intent of the CRA's authors that regulation be allowed to grow with market demands and remaining under the 1995 rules does not do that. There were 148 net bank branch closings in Q1 of 2025, a significant increase from 21 in Q4 of 2024, which disproportionately impacts vulnerable demographics that CRA was intended to serve like seniors, people living with disabilities, people of color, and LMI customers.[10] These closures taken with the research showing that 77% of consumers are using the internet to access banking services, either through mobile devices or computers and the percentage of customers using a bank teller was halved from 2019 to 2023 failing to adopt the 2023 rules creates large CRA blind spots that are sure to only grow over time.[11]

**CDFI Impact**

Since their inception, CDFIs have played a critical role in helping banks achieve their community development goals, but it wasn't until the adoption of the 2023 modernization rule that this relationship was explicitly spelled out as a permissible activity for receiving CRA credit. While not

[7] https://www.newsweek.com/us-bank-closures-2025-full-list-2049712
[8] Regulations.gov
[9] https://www.philadelphiafed.org/-/media/frbp/assets/community-development/discussion-papers/discussion-paper-effects-of-the-cra-on-small-business-lending.pdf
[10] https://www.spglobal.com/market-intelligence/en/news-insights/articles/2025/5/pace-of-us-bank-branch-closures-picks-up-in-q1-2025-88699893 ; https://ncrc.org/the-great-consolidation-of-banks-and-acceleration-of-branch-closures-across-america/
[11] https://www.fdic.gov/household-survey/2023-fdic-national-survey-unbanked-and-underbanked-households-report; https://www.aba.com/about-us/press-room/press-releases/consumer-survey-banking-methods-2024;

exhaustive, this rule gave banks much needed examples on ways to meet their community development financing requirements and offered a clear incentive to partner with CDFIs that did not exist previously. This development was widely regarded as a significant advancement for the CDFI sector, which historically has faced chronic undercapitalization – particularly among minority-led CDFIs. Research conducted by HOPE Institute (HOPE) found that during the 15-year span of 2003 to 2017, the median asset size of white-owned CDFI Fund awardees remained at least twice, and in some years three times, that of their minority-led counterparts. HOPE's analysis further suggests that, if placed on a similar footing with their counterparts, minority-led CDFIs would more than double, if not triple, their capital from bank investments.[12]

Additionally, these examples included investments that CDFIs are experts in utilizing, like the Low Income Housing Tax Credit (LIHTC) and the New Markets Tax Credit (NMTC) programs. The NMTC program, which is administered by the CDFI Fund and recently became permanent, has created over 750,000 jobs and supported the construction of 84.6 million square feet of manufacturing space, 62.7 million square feet of office space, and 42.7 million square feet of retail space, since 2003. CCLF has been fortunate to be part of this work both as a direct recipient and in partnership with banks. Through our $15 million allocation in 2015, we were able to empower three historically underserved communities by increasing affordable housing options in the Woodlawn neighborhood, expanding access to healthcare services in Humboldt Park, and bolstering educational opportunities for teens in Portage Park. As a partner, we assisted in creating the North Austin Community Center sports and education complex, which serves over 25,000 neighborhood youth and families, and the XS Tennis Center, the first tennis facility on the South Side of Chicago and the second in the nation founded and operated by an African American. In addition to being a sound and fruitful financial investment, the developments created through the NMTC program are transformational, offering hope and inspiration to those who need it most.

The 2023 rule also highlighted the role that Opportunity Zones (OZ) investments could play as well. CDFIs are playing an ever-growing role in expanding participation in the OZ program. In 2020, CCLF incubated the Chicagoland Opportunity Zones Consortium (COZC) which supports OZ investments in the 135 Opportunity Zones in the city of Chicago, primarily on the city's south and west sides, and the 48 Opportunity Zones in suburban Cook County, primarily in south and west suburbs. OZ investment, which also recently became permanent, has already positively affected Chicago with the over $300 million in private dollars it has brought to underserved Chicago neighborhoods that in turn supported 19 real estate projects and 2 businesses. We have seen OZ create innovative solutions and create unique collaborations like Hope Manor Village, one of the first large-scale supportive housing developments specifically designed for Veterans and their families, which was brought to life by pairing LIHTC with OZ equity. Developed by Volunteers of America Illinois, this latest addition to the Hope Manor campus is a 16-building project comprised of 36 two-bedroom apartments which transformed 16 long-term vacant lots into housing serving families earning 60% or less of the AMI.

Rescinding the 2023 rule risks undermining the productive collaboration between banks and CDFIs by diminishing the value placed on the critical technical assistance CDFIs provide – support that empowers vulnerable consumers to build and sustain wealth. In looking at the gaps in entrepreneurship, a study by the Duke University Fuqua School of Business showed that one of the drivers of holding Black entrepreneurs back was a lack of access to "mentorship or

[12] CDFI-Fund-Time-Series-Analysis-brief-edited.pdf (hopepolicy.org)

community-building programs [that] may provide the initial 'soft information' entrepreneurs need to gather before moving on to more expensive steps."[13] These are precisely the types of interventions that CDFIs offer. For example, in 2021, CCLF partnered with U.S. Bank to increase its commitment to "build capacity and help more individuals of color become developers, assist organizations led by people of color in developing their first real estate project, and provide existing developers of color opportunities to increase their experience and skills."[14]

As highlighted by the ABA, CDFIs play a critical role in the financial ecosystem and promote this administration's American First agenda "by ensuring that all communities—urban and rural, large and small—have access to the capital necessary to participate in and contribute to our national economy." Upholding the commitment made to this relationship in the 2023 rule is pivotal to ensuring that CDFIs receive the support they need and deepening the work of traditional financial institutions in the hardest to reach segments of our society. The 2023 rules also provide broader geographic credit which makes it easier for banks to receive credit for their partnerships with CDFIs outside their branch footprint, deepening regional and national impact.

## Conclusion

The 2023 modernization rules represent a clear and widely praised breakthrough for the financial services industry. Continuing with the rescission of this rule puts the future of the CRA in grave danger and paves the way for its obsolescence, as the 1995 rules cover rapidly diminishing portions of industry activity. There is great economic uncertainty right now and the vulnerable communities that the CRA has been entrusted to protect need more intentional care, not less.

The implementation of the 2023 CRA modernization rules presents a historic opportunity to advance economic empowerment for all Americans. When effectively executed, these updated regulations have the power to unlock trillions of dollars in economic activity, boost the nation's Gross Domestic Product, and enhance the United States global competitiveness. By preserving capital closer to these communities, we can take a crucial step forward in upholding America's greatness by investing in its most powerful resource, its people. Smart, responsible regulation like this is key to achieving President Trump's vision of "a new era of soaring incomes. Skyrocketing wealth. Millions and millions of new jobs and a booming middle class."[15] It is our hope that the OCC, FDIC, and the FRB will agree to reverse course and allow the 2023 modernization rules to take effect.

Again, we thank you all for the opportunity to comment on this very important proposed rulemaking and for your thoughtful consideration of our comments and recommendations. If you have any questions, please do not hesitate to contact CCLF's Policy and Government Relations Director, DeMario Greene, at [redacted] or myself at [redacted].

Yours truly,

[redacted]

Robert G. Tucker
President

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[13] https://www.fuqua.duke.edu/duke-fuqua-insights/driver-racial-gaps-entrepreneurship

[14] https://cclfchicago.org/cclf-joins-u-s-bank-initiative-to-invest-in-developers-of-color/

[15] https://rollcall.com/factbase/trump/transcript/donald-trump-speech-campaign-rally-butler-pennsylvania-october-5-2024/