MYTH vs. FACT | Community Reinvestment Act (CRA) Proposal

MYTH: The proposal would establish a "single metric" to evaluate banks under the CRA.

FACT: Under the proposal, there would be no "single metric." A bank would be evaluated using many tests based upon the products/services they offer, in each of their assessment areas, and at the bank level. Banks CRA performance would also be publicly compared to their peer banks in the assessment areas, something not presently being done.

MYTH: The proposal would weaken the CRA.

FACT: The current rules are a quarter century old and no longer reflect how and where banks operate—and how consumers today use banks. By modernizing these rules, banks, community groups and the public would know with certainty where banks are investing and which activities would receive CRA credit.

MYTH: Under the proposal, a bank would achieve a satisfactory or outstanding rating by only making loans or investments in half of its CRA assessment areas.

FACT: The proposed rule would measure banks performance in all assessment areas. To achieve a satisfactory or outstanding rating, banks would be required to perform at that level in a significant portion of their assessment areas. The proposal seeks comment on what the threshold for "significant" should be.

MYTH: The proposal would result in less lending and investment in low- and moderate-income (LMI) communities.

FACT: The proposal would encourage more lending and investing in LMI communities by clarifying and expanding the types of activities that would benefit LMI communities. By allowing banks, community groups and the public to understand what qualifies, the proposal would encourage greater CRA activity that more effectively reaches LMI communities.

MYTH: Under the proposal, banks would be discouraged from making smaller community development investments, particularly through Community Development Financial Institutions (CDFIs).

FACT: Quite the opposite—banks would receive double credit for CDFI investments.

MYTH: The proposal would create a new test that would allow CRA credit for investing in sports stadiums.

FACT: Under current law, banks have received CRA credit for financing sports stadiums and other neighborhood renewal projects, in LMI communities. The proposal would not change this approach. The proposal would provide approximately 200 examples of community and economic development activities that would receive CRA credit. This certainty would generate significant job growth, especially in low-income neighborhoods, which is precisely the intent of the law.

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