



October 13, 2026

The Honorable Jonathan V. Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
Attn: Comment Processing
400 7th St., SW
Washington, DC 20219

The Honorable Travis Hill
Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Response to Notice of Proposed Rulemaking on Community Reinvestment Act Regulations

Dear Comptroller Gould and Chairman Hill,

On behalf of the American Fintech Council (AFC),¹ I submit this comment letter in response to the Office of the Comptroller of the Currency's (OCC) and Federal Deposit Insurance Corporation's (FDIC) Notice of Proposed Rulemaking regarding the Community Reinvestment Act (CRA) regulations (Proposed Rule).² AFC appreciates the agencies' effort to restore greater clarity, proportionality, and flexibility to the CRA framework, particularly through reforms intended to make strategic plans more workable, focus retail lending evaluations on meaningful product lines, provide greater certainty regarding qualifying community development activities, and reduce unnecessary regulatory burden.

AFC is a standards-based organization and the largest and most diverse trade association representing financial technology companies and innovative banks. On behalf of more than 150 member companies and partners, AFC promotes a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC members include innovative banks and fintech companies that serve consumers and small businesses through a wide range of business models, including nationwide digital channels and responsible bank-fintech partnerships. Those institutions have direct experience with the manner in which CRA evaluation methods, strategic plan requirements, data

¹ American Fintech Council's (AFC) membership spans banks, non-bank lenders, payments providers, EWA providers, loan servicers, credit bureaus, and personal financial management companies.

² Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation, "Community Reinvestment Act Regulations," *Federal Register* 91, no. 154 (August 12, 2026): 52114–52218.

obligations, and community development standards shape the allocation of resources to low- and moderate-income (LMI) individuals and communities.

AFC has consistently supported a CRA framework that preserves the statute’s community focus while recognizing that the means by which banks provide credit and financial services have evolved substantially.³ In prior CRA advocacy, AFC emphasized that strategic plans are particularly important for institutions whose business models, product mixes, geographic footprints, or partnership structures do not fit neatly within conventional branch-based evaluation methods.⁴ The Proposed Rule advances several of those objectives. However, AFC recognizes that several of the changes under consideration by the Proposed Rule could adversely affect the CRA efforts of innovative banks and potentially increase, rather than reduce, regulatory compliance burdens for certain financial institutions. As will be discussed further below, the final rules should provide additional specificity and preserve critical elements of the existing framework, including the limited purpose bank designation, so that the agencies’ reforms enhance the flexibility and predictability of CRA evaluations rather than introduce new forms of prescriptive complexity.

I. AFC Recommends Preserving Limited Purpose Bank Designation and Strategic Plan Flexibility to Promote Predictable and Business Model Appropriate CRA Evaluations

As a threshold matter, AFC strongly recommends that the agencies preserve the limited purpose (LP) bank designation. The LP designation provides an important and distinct evaluation pathway for institutions with specialized business models and narrow product offerings that do not align neatly with CRA standards designed principally for traditional, full-service institutions. Eliminating this designation would reduce rather than enhance flexibility within the CRA framework and could compel specialized institutions to pursue evaluation methods that do not accurately reflect how they operate or most effectively serve community needs. The final rule should therefore retain the LP designation and preserve the regulatory flexibility associated with it.

The agencies should also ensure that the proposed revisions to the LP bank definition do not unduly restrict the designation’s availability in practice. Under the Proposed Rule, lending would qualify as incidental only where it is provided infrequently in connection with a bank’s specialized operations or as an accommodation to customers, is not advertised or marketed, and constitutes no more than 5 percent of the bank’s total lending as of December 31st of both prior calendar years.⁵ Although greater clarity regarding the scope of incidental lending is appropriate,

³ See American Fintech Council, “Comment Letter to Banking Regulators on Joint Notice of Proposed Rulemaking on the Community Reinvestment Act,” August 5, 2022; American Fintech Council, “Letter Urging Federal Banking Regulators to Preserve and Improve Strategic Plan Flexibility in Community Reinvestment Act Regulations,” August 18, 2025; American Fintech Council, “Response to Request for Information on the Community Reinvestment Act Simplified Strategic Plan Process for Community Banks,” February 20, 2026.

⁴ See American Fintech Council, “Comment Letter to Banking Regulators,” August 5, 2022, 5–6; American Fintech Council, “Letter Urging Federal Banking Regulators,” August 18, 2025, 2–3.

⁵ Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation, “Community Reinvestment Act Regulations,” 91 Fed. Reg. 52114, 52203 (August 12, 2026) (proposed definition of “incidental basis” in § __.12).

applying a fixed, backward-looking threshold without sufficient flexibility could jeopardize an otherwise eligible institution's LP designation because of modest product diversification or temporary changes in its lending composition. Accordingly, AFC recommends that the agencies treat the 5 percent threshold as a rebuttable presumption rather than an absolute limitation, permit consideration of relevant performance context and the institution's overall business model, and establish a reasonable opportunity to cure or transition before an existing LP designation is revoked based on the incidental lending standard.

Beyond preserving meaningful access to the LP designation, the final rule should maintain strategic plans as a genuinely flexible alternative evaluation method that allows a bank's CRA obligations to reflect its business model, product mix, delivery channels, institutional capacity, and the particular credit and community development needs of the communities it serves. This flexibility is especially important for innovative banks whose activities may not align with evaluation methodologies developed principally around traditional branch-based banking models. Requiring strategic plans to replicate the substantive structure of the standard performance tests would diminish the utility of the strategic plan option and could direct resources toward activities that are less responsive to the manner in which an institution actually serves its communities' financial needs. Accordingly, the agencies should preserve meaningful discretion for banks to develop measurable goals that reflect their particular operations while continuing to demonstrate responsiveness to community financial needs and CRA objectives.

Consistent with that approach, the final rule should permit strategic plan banks to determine the appropriate emphasis among lending, investments, grants, and services rather than requiring a predetermined allocation among activity categories. A bank whose principal retail activity is consumer lending, for example, should be permitted to construct measurable goals around the consumer products that meaningfully define its business and its service to LMI borrowers. Similarly, where an institution can demonstrate that investments, grants, services, or another combination of community development activities represents the most effective means of responding to identified community credit-related needs, the framework should not require separate activity targets merely for the purpose of satisfying a standardized categorical structure. The agencies should instead evaluate whether the strategic plan, considered as a whole, establishes meaningful and measurable commitments that are responsive to community financial needs and appropriately calibrated to the institution's capacity, expertise, and business strategy.

Beyond the substantive importance of preserving an evaluation pathway tailored to specialized institutions, eliminating the LP bank designation would create significant programmatic and operational challenges for both financial institutions and the agencies. Specifically, removal of the LP bank designation framework would force innovative banks into a single option to ensure their nationwide activities are properly counted within a CRA context: namely, through the use of the strategic plan.

While AFC has robustly supported the use of the strategic plan framework for its bank members, we recognize that—even with the amendments to the framework within the proposed rule—obtaining a strategic plan is time-consuming and resource intensive for both banks and regulators. Based on our conversations with AFC member banks, it takes nearly a year to complete the strategic plan process, at significant cost to the bank. At present, many of AFC's

member banks instead pursue an LP bank designation to avoid the operational challenges of the strategic plan. However, if the agencies were to eliminate the LP bank designation, as the Proposed Rules indicates is under consideration, these innovative banks would no longer be able to pursue that designation. Thus, there would be a significant increase in strategic plan applications with substantial added regulatory burden on each of those banks that applies.

It is also important to recognize the impact that a significant increase in strategic plan applications would have on the FDIC and OCC given their current operating postures. As evidenced over the past several years, while the FDIC and OCC have sought to streamline their processes, they have also reduced staffing. In the context of strategic plan applications, these staffing constraints could create a significant obstacle for innovative banks seeking timely review and approval. Strategic plans are inherently nuanced and require substantial engagement and expertise from regulatory staff, as the Proposed Rule recognizes. Accordingly, reduced agency staffing, combined with a substantial influx of strategic plan applications resulting from the elimination of the LP bank designation, could materially lengthen the review and approval process and create an administrative bottleneck for institutions with no other viable pathway for ensuring that their specialized activities are appropriately assessed for CRA purposes. Moreover, requiring institutions to pursue strategic plans principally because the LP designation is no longer available would impose additional costs and administrative burdens without regard to whether a strategic plan represents the most appropriate evaluation method for the institution's business model. Eliminating the LP designation would therefore not only increase demands on agency resources but also reduce the flexibility available to specialized institutions to pursue an evaluation framework appropriately tailored to their activities. To avoid these unnecessary costs, administrative burdens, and constraints on appropriate evaluation flexibility, AFC recommends that the FDIC and OCC preserve the LP bank designation as a distinct pathway for institutions whose specialized business models warrant tailored CRA evaluation.

Preserving this flexibility is particularly important where a limited purpose bank elects to operate under a strategic plan. Under the existing framework, strategic plans generally address lending, investment, and services, while designated limited purpose and wholesale banks receive flexibility from the otherwise applicable emphasis on lending and lending related activities. The final rule should preserve that treatment. The Proposed Rule suggests that because consumer lending that constitutes a major product line would be evaluated, the agencies could apply the proposed lending test to banks that are limited purpose banks today. Requiring a limited purpose bank operating under a strategic plan to satisfy lending expectations designed for institutions with materially different product offerings would undermine the strategic plan's function as an alternative evaluation method and could diminish the ability of specialized institutions to concentrate resources on activities through which they can produce meaningful community development outcomes. The agencies should therefore expressly confirm that limited purpose banks may continue to develop strategic plans with measurable goals that reflect their specialized business models, product offerings, institutional capacities, and demonstrated community needs, including appropriate reliance on community development financing, investments, grants, and services where those activities represent the institution's most effective means of meeting its CRA obligations. For the same reasons, the final rule should expressly permit any strategic plan bank to omit, or establish tailored alternatives to, the loan-to-deposit ratio and assessment area

lending percentage criteria where those measures do not meaningfully reflect the institution's business model.

In addition to preserving substantive flexibility, the final rule should establish a sufficiently predictable development and approval process so that institutions can meaningfully rely on the strategic plan option. Consistent with the Proposed Rule, the agencies should maintain performance context as an integral component of strategic plan review and preserve a collaborative prefiling process through which banks can obtain meaningful feedback concerning the structure and appropriateness of their proposed goals before commencing the formal public comment and approval process. The agencies should also establish clear internal timelines for prefiling engagement and retain a defined review period once a plan is technically complete. If an agency invokes an extension for good cause, that extension should be time limited and communicated in writing. These procedural safeguards would allow institutions to make resource and community development commitments with greater regulatory certainty while reducing the risk that prolonged or indeterminate review effectively discourages use of the strategic plan option.

Greater transparency regarding the agencies' administration of strategic plans would further improve the predictability of the process. To the extent consistent with applicable confidentiality requirements, the agencies should preserve and formalize existing practices of making previously approved strategic plans publicly accessible, while also making available other written materials reflecting generally applicable supervisory expectations and promoting consistency in the standards applied across institutions.⁶ Providing banks with concrete examples of previously approved approaches would reduce uncertainty during plan development, facilitate more productive prefiling engagement, and lessen the risk that institutions devote substantial resources to developing plans based on expectations that become apparent only late in the approval process. AFC also encourages the OCC to finalize its proposed guidance concerning simplified CRA strategic plans, issued in December 2025, and urges the OCC and FDIC to coordinate with the Federal Reserve to promote a consistent and harmonized approach to CRA implementation across all three federal banking agencies.⁷ Finalizing this guidance, with appropriate modifications to reflect the final CRA regulations, would further promote transparency, reduce administrative burdens, and provide institutions with greater certainty when developing strategic plans.

Finally, the agencies should provide clear transition and grandfathering treatment for strategic plans that are already under development, subject to public engagement, pending agency review, or approved when the final rule takes effect. Strategic plans require substantial advance planning, internal governance, community engagement, systems configuration, and regulatory dialogue. Requiring an institution to restart that process because the governing framework changes during plan development would impose significant costs without necessarily improving CRA performance or community outcomes. Banks with materially developed or pending plans should

⁶ Office of the Comptroller of the Currency, "National Banks, Federal Savings Associations and Federal Branches of Foreign Banking Organizations Evaluated on the Basis of a Strategic Plan Under the Community Reinvestment Act (CRA)," May 6, 2026, <https://occ.gov/topics/consumers-and-communities/cra/national-banks-eval-basis-of-strategic-plan-under-cra.html>; Board of Governors of the Federal Reserve System, "Strategic Plans," April 21, 2026, https://www.federalreserve.gov/consumerscommunities/cra_strategic.htm.

⁷ Office of the Comptroller of the Currency, "OCC Issues CRA Simplified Strategic Plan to Reduce Regulatory Burden for Community Banks," News Release 2025-129, December 17, 2025, <https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-129.html>

therefore be permitted either to complete the process under the framework on which they reasonably relied or to elect application of the new framework. Similarly, approved strategic plans should remain effective for their approved terms unless the institution elects to amend the plan or a material change in circumstances independently warrants modification. Providing this transition treatment would preserve legitimate reliance interests, avoid unnecessary disruption to existing community commitments, and allow the agencies to implement the final rule without undermining strategic plans already developed with substantial institutional and community engagement, as well as agency review.

II. AFC Supports a Materiality Based Major Product Line Framework that Focuses CRA Evaluation on Meaningful Consumer Lending and Related Bank Activities

AFC appreciates the agencies' consideration of both quantitative and qualitative approaches to identifying major product lines for CRA evaluation. The quantitative approach offers greater objectivity and predictability, while the alternative approach appropriately recognizes the importance of institutional business strategies, lending capacity, and responsiveness to community credit needs. Although both approaches incorporate meaningful elements, neither, as currently proposed, provides sufficient flexibility to accommodate the diversity of business models and product offerings among innovative banks. Accordingly, AFC encourages the agencies to incorporate the benefits of both approaches into a framework that allows for greater consideration of an institution's particular lending activities and the communities it serves.⁸

The final rule should establish a clear materiality principle for determining which consumer lending activities warrant CRA evaluation. Consumer lending products should be evaluated when they constitute a meaningful component of an institution's lending activity, not merely because the bank originates some volume of loans within a particular regulatory product category. Accordingly, the agencies should identify major product lines by considering the significance of the relevant lending activity to the institution's overall consumer lending operations and should preserve the ability to evaluate related consumer lending activities on an aggregate basis where separate product level conclusions would not materially improve the assessment of CRA performance.

A product-by-product methodology would risk substituting regulatory categorization for a meaningful assessment of consumer lending performance. Credit cards, automobile loans, other revolving credit, and other consumer loans may differ in their underwriting, duration, collateral, and customer use, but those distinctions alone should not require each product to receive an independent CRA evaluation. Where individual products form part of a broader consumer lending business, mandatory separate evaluations could fragment the agencies' analysis and produce disproportionate supervisory consequences from changes in individual product volumes that do not reflect a meaningful change in the institution's overall consumer lending activity. The agencies should therefore require separate evaluations only where a product line is sufficiently material to provide meaningful information about whether the institution is meeting community credit needs.

⁸ AFC's recommendations in this section are also intended to address the agencies' requests for comment concerning the proposed quantitative and qualitative approaches to identifying major product lines, as discussed in the Proposed Rule's Supplementary Information.

The same materiality principle should govern the establishment of measurable consumer lending goals under a strategic plan. Rather than requiring goals for every category of consumer credit offered by an institution, the agencies should permit a strategic plan bank to identify the consumer product line or lines that constitute the principal components of its consumer lending activity. That determination should be supported by objective measures of lending volume and supplemented by relevant performance context, including the extent to which particular products serve LMI borrowers or respond to identified community credit needs. This approach would preserve meaningful accountability while ensuring that strategic plan goals are concentrated on lending activities sufficiently significant to provide a reliable measure of CRA performance.

Materiality, however, should not be reduced exclusively to a quantitative determination. Loan count and dollar volume can provide useful indicators of whether a product line is sufficiently significant to warrant evaluation, but those measures do not necessarily capture the extent to which a product responds to identified community credit needs or serves LMI borrowers. The final rule should therefore preserve an appropriate role for qualitative responsiveness and performance context alongside quantitative measures. Doing so would allow examiners to distinguish between lending activity that is significant principally by volume and activity that, although different in scale, may be particularly responsive to the financial needs of LMI consumers and communities and therefore provide meaningful information regarding an institution's CRA performance.

Responsiveness to the needs of LMI consumers and communities is not limited to the specific provision of credit. For many unbanked and underbanked consumers, access to safe, affordable, and appropriately designed deposit products can represent an important point of entry into the regulated financial system and a meaningful means of addressing barriers to financial inclusion. Moreover, appropriately designed deposit products can help consumers establish a record of responsible financial management over time, potentially strengthening their ability to qualify for responsible credit products and supporting their broader financial stability. This is particularly relevant for institutions that have developed business strategies, including responsible bank-fintech partnerships, centered on expanding access to deposit products rather than extending credit. AFC recognizes that the Proposed Rule would not provide for the assessment of deposit products, consistent with the agencies' position in pending litigation, and does not ask the agencies to revisit that position.⁹ Within that framework, however, examiners should be permitted to take into account, as performance context, such institutions' efforts to expand access to safe and affordable financial services for LMI, unbanked, and underbanked consumers.

The agencies should further clarify that the channel through which a qualifying consumer loan is originated or distributed does not independently determine whether the activity receives CRA consideration. Where a bank is the originating institution and the lending otherwise satisfies applicable CRA standards, lending conducted through a responsible bank fintech partnership should be evaluated consistently with comparable lending conducted through the bank's proprietary channels. A channel neutral approach would prevent examination methodology from drawing artificial distinctions between economically comparable lending activity and would

⁹ See Motion for Entry of Judgment, *Texas Bankers Ass'n v. Office of the Comptroller of the Currency*, No. 2:24-cv-00025 (N.D. Tex. July 31, 2026), ECF No. 93.

ensure that CRA evaluation remains focused on whom the bank serves and the credit needs being addressed rather than the technology or distribution arrangement used to reach the borrower.

The agencies should also consider how the CRA evaluation framework treats institutions lending to LMI borrowers occurs predominantly outside a bank's facility-based assessment areas. For institutions that originate consumer credit through nationwide or predominantly digital channels, a substantial portion of lending that serves LMI borrowers may occur outside the geographic areas associated with the institution's main office or any physical deposit-taking facilities. AFC recognizes the agencies' position that the CRA does not permit assessment of retail lending outside those areas and does not ask the agencies to extend CRA consideration to such lending. Under the proposed small and intermediate bank lending test, a satisfactory rating generally contemplates that a majority of a bank's loans are in its assessment areas, and the meaningful assessment provision may cause examiners to rely principally on that percentage where in-area loan volume is limited. Applied mechanically, that criterion would penalize an institution whose business model is nationwide by design, even where it responsively serves its facility-based communities. The final rule should therefore clarify that an institution will not receive an adverse lending conclusion solely because a nationwide or digital business model produces a low percentage of loans in its assessment areas, and that performance context will account for such business models in applying this criterion.

Relatedly, the agencies should retain the existing formulation of the loan-to-deposit ratio criterion. The current rule evaluates a bank's loan-to-deposit ratio adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments. The Proposed Rule would delete the reference to other lending-related activities without explanation. That language is important for institutions that originate loans for sale or to partners and therefore carry a lower ratio on their balance sheets despite substantial lending activity. This concern is closely related to the one described above: just as an institution whose business model is nationwide or digital should not be penalized solely because a structural feature of that model produces a low percentage of loans in its assessment areas, an institution whose lending activity flows through originate-to-distribute or partnership channels should not be penalized solely because that structural feature produces a low on-balance-sheet ratio. In both cases, the framework should look at actual lending activity. The final rule should restore the lending-related activities language so that the loan-to-deposit ratio continues to reflect the full scope of an institution's lending engagement.

By anchoring the major product line framework in materiality, the agencies can maintain a rigorous assessment of consumer lending without dispersing examination and compliance resources across product categories that provide little additional insight into CRA relevant performance. The final rule should therefore concentrate consumer lending evaluation on product lines that are sufficiently significant to the institution's lending activity to warrant independent consideration, while permitting aggregation where separate product level analysis would not materially enhance the agencies' assessment of how effectively the institution serves community credit needs.

III. AFC Supports Flexible Community Development Standards and Greater Regulatory Certainty to Direct Resources Toward High Impact Activities

Effective CRA implementation requires sufficient flexibility for banks to allocate community development resources among lending, investments, grants, and services according to demonstrated community needs and the activities through which an institution can most effectively address those needs. Because community development priorities vary considerably across markets, the form of activity best suited to address a particular need will likewise differ among communities and institutions. The agencies should avoid requirements that prescribe, either expressly or in practice, separate or predetermined allocations among community development activity categories. Separate goals may be appropriate where they reflect an institution's community development strategy but combined or otherwise tailored goals should remain available where they provide a more meaningful measure of overall community development performance. Preserving this discretion would allow CRA considerations to guide the deployment of resources without permitting the structure of the evaluation methodology itself to dictate how those resources are deployed.

Geographic treatment of community development activities warrants similar flexibility. The final rule should preserve a practical pathway for banks to receive CRA consideration for qualifying community development activities outside their facility-based assessment areas, particularly where the institution has demonstrated meaningful responsiveness to the needs of its assessment areas. Although a threshold may appropriately ensure that institutions remain attentive to the communities surrounding their deposit-taking facilities, that threshold should not operate so rigidly that it discourages otherwise responsive community development activity in areas with substantial unmet needs. This concern is particularly significant in so-called CRA deserts, where community development needs may be acute but the number of institutions with assessment areas encompassing those communities may be limited. The agencies should therefore ensure that any geographic flexibility standard is sufficiently attainable and appropriately tailored to an institution's business model, capacity, and community development activity. The final rule should also preserve meaningful qualitative consideration where a purely quantitative threshold would fail to capture the responsiveness or impact of an activity. This approach would maintain the CRA's statutory focus on the communities surrounding a bank's deposit-taking facilities while allowing institutions that have meaningfully served those communities to deploy additional resources where community development needs are substantial. For banks serving customers across broader geographic markets through digital channels, such flexibility is particularly important to avoid concentrating CRA-eligible capital in markets primarily because qualifying opportunities are more readily identifiable there. Greater geographic flexibility would also help mitigate market distortions arising from excessive competition for CRA-eligible activities in areas with a high concentration of bank headquarters, allowing institutions to direct resources toward underserved communities where those resources may have a more meaningful impact.

Flexibility in the deployment of community development resources, however, is considerably less valuable if institutions cannot determine with reasonable confidence whether contemplated activities will receive CRA consideration. A publicly available, non-exhaustive illustrative list of qualifying community development activities, coupled with a formal process for confirming

novel or less established activities, as contemplated by the Proposed Rule and consistent with the OCC's existing practices, would provide important regulatory certainty. AFC supports this approach in the Proposed Rule, provided that the illustrative list remains searchable and regularly updated and that the agencies expressly clarify that omission from the list does not indicate ineligibility. Treating the list as effectively exhaustive could discourage institutions from pursuing innovative community development structures that respond to emerging needs simply because those activities have not previously received formal regulatory recognition. The list should instead operate as a source of reliable guidance while preserving examiners' ability to recognize new structures that satisfy the regulatory definition and advance qualifying community development objectives.

For the confirmation process to provide comparable value, institutions also need timely decisions and reasonable assurance that they may rely upon them. The agencies should establish a firm outer limit on any extension beyond the proposed response period, absent the requesting institution's consent, and require a written explanation identifying the issue necessitating additional review. Equally important, written confirmation that an activity qualifies for CRA consideration should remain reliable for the relevant activity, including during subsequent evaluation periods while a qualifying loan or investment remains outstanding or on the bank's balance sheet. A confirmation mechanism that remains subject to unpredictable reconsideration after an institution has committed capital or entered into a community partnership would provide little practical certainty and could discourage precisely the types of longer-term commitments that the CRA framework seeks to encourage.

The agencies should apply the same principles of clarity and flexibility to community development grants and donations. AFC supports ensuring that grant funding meaningfully advances qualifying community development purposes, but the final rule should avoid rigid requirements that could exclude otherwise impactful grants based principally on the administrative structure through which funds are deployed. In particular, grants should remain eligible for CRA consideration where funds are provided through intermediary organizations that can demonstrate a qualifying community development purpose and appropriate use of the proceeds. Additionally, consideration should be given as to whether a fixed 15 percent limitation on a recipient's indirect costs provides an appropriate measure of a grant's community development impact. Administrative expenses can vary materially based on the nature of the organization, the community served, and the activity being supported, and a uniform threshold may exclude organizations that deliver meaningful community benefits but necessarily incur greater administrative costs. Accordingly, AFC recommends that the agencies treat the proposed 15 percent indirect cost threshold as a safe harbor rather than an absolute limitation, permitting grants with higher indirect costs to qualify for CRA consideration where the institution can demonstrate that the funds advance qualifying community development purposes. Any documentation requirements associated with grant eligibility should likewise be proportionate and should provide institutions with a practical means of establishing that funds support qualifying purposes without requiring burdensome monitoring of a recipient's internal cost structure. The final rule should also provide appropriate grandfathering treatment for existing community development grant commitments, including multiyear agreements entered into before the rule's applicability date. Preserving CRA consideration for these commitments would protect established community partnerships and prevent changes in eligibility requirements from

disrupting funding arrangements undertaken in reasonable reliance on the existing regulatory framework. A more flexible standard focused on the grant's primary purpose and demonstrated community development benefit would better preserve bank discretion while providing reasonable safeguards against activities that do not meaningfully advance CRA objectives.

Taken together, these reforms would better align regulatory incentives with the underlying objective of directing resources toward demonstrated community needs. Banks should be able to select the form and geographic allocation of qualifying community development activity based on where their resources can generate meaningful value, while receiving sufficient advance certainty to make those commitments responsibly. Pairing substantive flexibility with predictable qualification standards would enable institutions to commit capital, establish durable partnerships, and pursue responsive community development initiatives with greater confidence that qualifying activities will receive appropriate CRA consideration while substantively addressing identified financial needs of their communities.

IV. AFC Supports Streamlined Data Requirements and Sufficient Implementation Time to Reduce Duplicative Compliance Burdens

CRA data collection should be governed by a straightforward principle: an institution should not be required to collect and report information unless that information materially contributes to its CRA evaluation or serves a distinct and identifiable supervisory purpose. New reporting obligations can require substantial modifications to data architecture, internal controls, validation procedures, governance processes, vendor relationships, and reporting systems. Those burdens are difficult to justify where substantially similar information is already available to regulators through another federal reporting regime or where the requested information does not bear directly on the activities being evaluated. The agencies should therefore calibrate data requirements to the information necessary to administer the CRA framework and refrain from imposing collection obligations that lack a clear nexus to CRA performance evaluation or an identified supervisory need.

Section 1071 data presents an important opportunity to reduce unnecessary duplication in CRA reporting. In determining whether to maintain separate CRA collection and reporting requirements for small business lending, the agencies should assess the extent to which information collected pursuant to section 1071 can satisfy the same CRA evaluation or supervisory purposes. Where existing section 1071 data provides the information necessary for CRA purposes, institutions should not be required to collect or report substantially similar information through a separate CRA process. Conversely, any additional CRA specific data requirement should serve a distinct supervisory purpose that cannot reasonably be satisfied through information already collected under section 1071. Applying this principle would promote a more efficient reporting framework while ensuring that the agencies continue to receive the information necessary to conduct meaningful CRA evaluations.

Comparable discipline is warranted for consumer lending and community development data. Consumer lending information should be collected for CRA purposes only when the relevant lending activity is actually subject to evaluation as a major product line or is affirmatively incorporated into an approved strategic plan. Likewise, community development reporting

should be confined to information necessary to establish qualification, geographic allocation, and performance. Requiring broader data sets untethered to the examination methodology would impose systems and validation costs without materially improving the agencies' assessment of CRA performance. Aligning reporting obligations with the activities actually evaluated would instead ensure that data collection remains an instrument of effective supervision rather than an independent compliance exercise.

The proposed waiver authority can provide an additional safeguard against unnecessary reporting, but its practical value will depend on the standards governing its availability. Rather than treating waivers as exceptional relief reserved for unusual circumstances, the agencies should establish objective criteria identifying when a reporting requirement may be waived because the information is unnecessary to evaluate an institution's CRA performance or provides no material additional value to aggregate agency analysis. Published examples of circumstances warranting a waiver would further promote consistency across examinations and allow institutions to assess eligibility before devoting resources to collecting information of limited supervisory utility. A transparent and administrable waiver process would therefore complement appropriately calibrated reporting requirements by providing a mechanism to address circumstances in which a generally applicable requirement produces little corresponding regulatory benefit.

Even appropriately tailored data requirements require adequate time to implement. Any new or materially revised reporting obligation should carry an applicability date that affords banks sufficient time to design, test, validate, and govern the systems necessary for accurate compliance. Importantly, that implementation period should account for the timing of technical specifications, file formats, validation rules, and examination guidance necessary to operationalize the requirement. Banks should not be expected to begin building reporting systems against incomplete specifications or to repeatedly modify those systems as implementation instructions evolve. A sequenced implementation schedule, measured with reference to the availability of the technical information necessary for compliance, would promote data accuracy, reduce avoidable implementation costs, and allow institutions to devote greater resources to substantive community reinvestment rather than repeated systems remediation.

* * *

AFC appreciates the opportunity to comment on the Proposed Rule and supports the agencies' efforts to establish a CRA framework that provides meaningful regulatory certainty while recognizing the diversity of institutions, business models, and communities subject to the Act. As the agencies finalize these reforms, the framework should preserve the flexibility that enables CRA evaluations to account for how institutions actually operate and serve their communities, while maintaining clear and meaningful standards for assessing performance.

To achieve that balance, AFC encourages the agencies to preserve strategic plan flexibility and the limited purpose bank designation, focus consumer lending evaluations on material product lines, afford institutions appropriate discretion in directing community development resources toward demonstrated needs, provide greater certainty regarding qualifying activities, and ensure

that data collection requirements are appropriately tailored and nonduplicative. These refinements would promote a more predictable and administrable CRA framework while allowing institutions to devote greater attention and resources to the credit and community development needs that the Act is intended to address.

AFC appreciates the agencies' consideration of these comments and stands ready to serve as a resource as the final rulemaking unfolds.

Sincerely,

A handwritten signature in black ink, appearing to read "Ian P. Moloney", with a stylized flourish at the end.

Ian P. Moloney
Chief Policy Officer
American Fintech Council