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Trump Administration and Bank Regulators Plan Changes to the Community Reinvestment Act

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The *Wall Street Journal* reported on January 11, 2018, that the Trump administration is planning to overhaul the Community Reinvestment Act (CRA), though the article does not provide any specific details regarding precise changes to the law. This evolving viewpoint was first outlined in the Treasury Department's report, [A Financial System That Creates Economic Opportunities: Banks and Credit Unions](#), which points to modernization in both CRA structure and its enforcement. The report recommended reviewing aspects of CRA framework, including the following: changing how regulators measure banks' CRA investments to improve their benefit to communities; streamlining CRA supervision and enforcement given its current oversight by multiple regulators; modernizing CRA geographic assessment areas due to the changing nature of technology and other factors; and improving regulatory review and ratings assessment process, including the frequency of examinations, ability of institutions to remediate ratings, and transparency in CRA assessment rating methodology and process.

The Treasury's proposed CRA overhaul is encouraging despite a lack of specifics and the difficulty in directly quantifying CRA compliance costs. Certain change is already underway in the form of a new regulatory posture. In October 2017, then Acting Comptroller of the Currency Keith Noreika changed the OCC's policies to make it more difficult for banks' CRA ratings to be downgraded as a result of legal settlements involving other laws. Now it is harder for banks to have their CRA ratings downgraded for reasons not directly related to alleged CRA violations themselves. The overall result for banks is positive and signals an improved regulatory attitude and landscape.

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