



August 18, 2025

Jonathan Gould  
Comptroller of the Currency  
U.S. Department of the Treasury  
Office of the Comptroller of the Currency  
400 7th St. SW  
Washington, D.C. 20219

Travis Hill  
Acting Chairman  
Federal Deposit Insurance Corporation (FDIC)  
550 17th Street, NW  
Washington, D.C. 20429

Jerome Powell  
Chair  
Federal Reserve Board  
20th Street and Constitution Avenue NW  
Washington, DC 20551

*RE: Community Reinvestment Act Regulations*

OCC: Docket ID OCC-2025-0005  
Federal Reserve: Docket No. R-1869; RIN 7100-AG95  
FDIC: RIN 3064-AG13

Dear Comptroller Gould, Chair Powell and Acting Chairman Hill:

As a representative and advocate on behalf of America's 34 million small businesses, Small Business Majority writes to provide comments in response to the Notice of Proposed Rulemaking pertaining to the rescission of the 2023 Community Reinvestment Act (CRA) final rule. Prior to rulemaking in 2022, the CRA regulations governing our banking industry had not been substantially updated since 1995. Advances in our banking system calls for updated regulations enforcing the critical Community Reinvestment Act, therefore restoring the CRA to 1995 standards represents a step backward in financial services policy. Recent changes to the CRA created even more opportunity for banks to receive good credit for targeting investment into low-income, and rural business ecosystems, including those that are predominantly women- and minority-owned, therefore, we urge federal banking regulators to maintain the principles of the 2023 final rule, which made vital updates to better align regulations with the modern lending marketplace, and the evolving capital needs of small businesses.

Small Business Majority is a national small business organization that empowers America's entrepreneurs to build a thriving and equitable economy. From our 12 offices across the country, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research and deep connections with the small business community that enable us to educate stakeholders about key issues impacting America's entrepreneurs, with a special focus on the smallest, most under-resourced businesses.

**Small businesses recognize the importance of the CRA in incentivizing lending and investment in lower income, and under-resourced areas**

Small business owners still struggle to access capital, and while the entrepreneurial ecosystem continues to evolve and innovate, access to capital remains a top challenge year after year. Throughout past debate to reform and modernize the CRA standards, small business owners have affirmed the need for policy that

generates targeted lending outcomes among small business communities. For example, in polling conducted by Small Business Majority, 90% of entrepreneurs indicated that the availability of small business lending options was a major challenge, and 62% of entrepreneurs support policies like the CRA that generate more investment in lower income communities. In that same poll, small business owners affirmed the importance of updating regulations in the banking sector to 21<sup>st</sup> century standards as 74% of business owners agreed that updating regulations to cover online and innovative lending products to keep small business owners protected from unfair lending standards and practices.<sup>1</sup>

As part of the ongoing effort to improve the CRA, and therefore the lending ecosystem that small businesses must navigate, modern regulatory guidelines need to reflect decades of input, discussion and economic research that all underscored the need for tighter and more stringent requirements for banks to meet their CRA standards. As the sentiments from the small business community demonstrate, entrepreneurs say that much more aggressive actions are needed to support the investment into their ecosystems and communities, and therefore continued improvement of the CRA is necessary to support the growth of America’s economic backbone, the small business community.

### **The 2023 CRA final rule made necessary improvements to expand financing opportunities for small businesses**

As small businesses in under-resourced areas including, rural and minority communities, continue to face barriers to affordable, reliable capital, it is imperative to hold banks accountable to modern regulations that incentivize equitable lending practices and empower local small businesses to drive economic growth. While the economy and lending markets have seen significant changes over the last few decades, most notably with the rise of online lending products and the lasting economic impacts of the COVID-19 pandemic, federal banking regulations have failed to follow suit – leaving low- and middle income- (LMI) businesses, such as those that are women- or minority-owned, behind. In fact, more than three-quarters of small businesses are concerned about access to capital, as banks and other traditional lenders tighten credit standards—driving the growing popularity of online or fintech small business lending, which often operates outside the same regulations and standards.<sup>2</sup>

The CRA represents the single most important regulatory framework that facilitates and incentivizes the flow of capital to local small businesses and entrepreneurs, ensuring that financial institutions are meeting the needs of the communities they serve. In an aim to bolster access to capital for LMI businesses, the 2023 final rule represented the first significant overhaul of CRA regulations since 1995, marking a critical step in the modernization of the federal laws that govern our nation’s rapidly evolving banking system. Small Business Majority was encouraged by the 2023 final rule’s revisions, which strengthened how financial institutions are evaluated for their lending activities to small businesses and entrepreneurs. For example, the final rule made critical changes to the Retail Lending Test, the Community Development Service Test and the Community Development Financing Test, which improved the assessment of small business loans and financial institutions’ responsiveness to local credit needs of small businesses.

These changes resulted in tighter lending requirements for banks regulated by the CRA and required more attention to smaller businesses by utilizing smaller size standards, and an expansion into investment requirements in areas where online presence exceeded the bounds of a bank’s physical presence.

### **Resources to support underserved communities have become less available, increasing the importance of the CRA’s goals to support economically disadvantaged entrepreneurs**

---

<sup>1</sup> Access to Capital Polling. Small Business Majority, 2018. <https://smallbusinessmajority.org/our-research/access-capital/small-business-owners-support-policies-promoting-access-responsible-lending>

<sup>2</sup> “Financing Small Business: Landscape and Policy Recommendations.” U.S. Department of the Treasury. January 2025. <https://home.treasury.gov/system/files/136/Financing-Small-Business-Landscape-and-Recommendations.pdf>

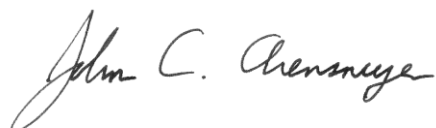
Programs that have longstanding commitments to the entrepreneurial community will become less reliable and available in the coming years due to a loss of funding and capacity. These programs that support capital access for entrepreneurs include the Minority Business Development Agency (MBDA) business centers and Small Business Administration programs that support increased small business lending and procurement financing. Additionally, other regulations promulgated to identify and bring light to inequitable or biased lending practices have faced barriers to implementation. In our 2022 NPR comments, we underscored the need for regulators to integrate certain standards from regulations like the Dodd-Frank Act into the CRA's model; in tandem, these two regulations would have brought the transparency and accountability that are currently desperately needed in our banking ecosystem that would have given policymakers the information they need to make reforms.<sup>3</sup> Absent these safeguards, it should come as no surprise to policymakers why lending markets are still disproportionately tipped in the favor of some entrepreneurs over others. While the 2023 rule made great strides to harmonize some of these regulatory improvements that stakeholders like Small Business Majority have long advocated for, a recission of the 2023 rule represents the intent to backslide on progress made over recent years.

Moving forward, efforts to modernize the CRA should consider the following standards as regulators get serious about holding banks accountable to investment standards.

1. Evaluate banks' investment practices by their ability to serve all communities. While the 2023 rule made great strides, it failed to adequately hold banks accountable or to incentivize lending practices in historically under-served communities. While investing in LMI communities tends to benefit women and minority borrowers, the CRA needs to do more to hold institutions accountable to intentional lending in those specific communities where economic development is truly needed.
2. Require more stringent scoring on CRA credit, holding banks accountable for poor performance instead of writing off mediocre investment efforts as "outstanding" on the CRA rating scale. For many years, banks have been able to achieve outstanding or highly satisfactory ratings on its CRA scoring, which is a result of inadequate regulatory guidelines ignoring microbusiness lending, online lending and community impact of projects.
3. Provide more incentives for banks to work with Community Development Financial Institutions or State Small Business Credit Initiative lenders. More banks should be incentivized to lend to or back loans underwritten by community financial institutions that serve and specialize in LMI community reach. Any new guidelines for the CRA should work to provide credit to banks that have an exemplary track record of investing in those entities, as opposed to investing in projects that have no real community impact.

Should you have any questions or would like to discuss our comments further, please contact our Government Affairs Director, Alexis D'Amato, at [adamato@smallbusinessmajority.org](mailto:adamato@smallbusinessmajority.org) or (202) 967-0995.

Sincerely,



John Arensmeyer  
Founder & CEO  
Small Business Majority

---

<sup>3</sup> Small Business Majority comments on 2022 Notice of Proposed Rulemaking. <https://smallbusinessmajority.org/policy/small-business-majoritys-response-proposed-joint-rule-community-reinvestment-act>