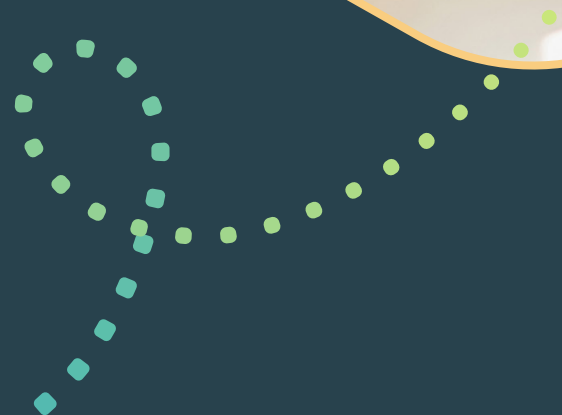
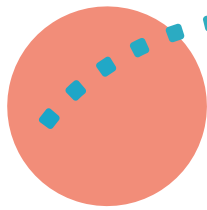




A Practical Guide to Understanding the Community Reinvestment Act





CRA Overview

The Community Reinvestment Act (CRA) was created to address a fundamental challenge in the U.S. financial system: ensuring that all communities—regardless of income level or geography—have fair access to credit and financial opportunity. Enacted in 1977 in response to discriminatory lending practices such as redlining, CRA was designed to close gaps that left many families, small businesses, and neighborhoods without the financial tools needed to grow and thrive.

Nearly 50 years later, CRA has evolved into one of the most influential and enduring frameworks for community investment in the country. While the regulation itself is relatively brief, its impact is far-reaching. Through lending, investment, and service activities, banks play a critical role in strengthening local economies, expanding access to affordable housing, supporting small businesses, and delivering financial education that empowers individuals to build long-term financial health.



Today, CRA is more than a regulatory requirement—it is a reflection of how a financial institution shows up for its communities. Banks that approach CRA strategically are not only better positioned for strong examination outcomes, but also for deeper community relationships, reputational strength, and long-term growth.

The Four Pillars of CRA

At its core, CRA recognizes four primary ways banks can support stronger, more inclusive communities. Often referred to as the “four pillars of CRA,” these categories help examiners—and banks themselves—evaluate how financial institutions are addressing real-world needs across housing, services, business growth, and community stability.



1. **Affordable housing**, including multifamily rental housing for low- to moderate-income (LMI) individuals;
2. **Community services** targeted to LMI individuals or specific geographies;
3. **Economic development** activities including financing businesses or farms that meet the size eligibility standards of Small Business Administration Development Company or Small Business Investment Company programs or that have gross annual revenues of \$1 million or less; and
4. **Revitalization and stabilization** activities in LMI geographies, designated disaster areas, or federally designated distressed/underserved geographies.

Together, these four pillars provide banks with flexibility to design CRA strategies that align with their markets, business models, and community priorities while still meeting regulatory expectations.

For purposes of the CRA, LMI collectively refers to individuals, families, or households whose income is below 80 percent of the Area Median Income or Median Family Income for the county or community in which they live. Generally, banks provide community development activities through loans originated directly to individual borrowers, small businesses, and small farms or by financing programs and services that support CRA-qualified community development organizations and initiatives. Banks also meet CRA requirements through qualified investments including donations, grants, and other investments as well as through community development services such as employee volunteerism, retail banking services, financial education, etc.



What is Community Development

Under the CRA, banks can demonstrate community impact through three distinct activities. Community development loans directly fund projects that strengthen local communities. Qualified investments—which can range from deposits to membership shares to grants—channel capital toward community development. And community development services contribute financial expertise to support these efforts, separate from the bank’s standard customer-facing operations. The common requirement? Each activity must have community development as its primary purpose.

Geographically, CRA is primarily focused on community development activities that support LMI geographies, as indicated by their census tract income level. Additionally, activities that revitalize or stabilize FEMA-designated major disaster areas or Federal Financial Institutions Examination Council (FFIEC)-designated distressed or underserved nonmetropolitan geographies are also considered CRA geographies. A list of distressed and underserved geographies is published by the FFIEC annually.¹ Banks receive the most credit for CRA activities that benefit the bank’s Assessment Areas but can also receive credit for activities within the broader statewide or regional area that includes the bank’s Assessment Areas.

¹ To view the list of current FFIEC-designated non-metropolitan distressed and underserved census tract, visit <https://www.ffiec.gov/cra/distressed.htm>

Assessment Area(s)

Under CRA, banks don’t get credit for helping communities everywhere—they must demonstrate impact in the specific places where they do business. An Assessment Area is the geographic region surrounding a bank’s branches and deposit-taking ATMs, where the bank has a physical presence and conducts a substantial portion of its lending. Banks are required to delineate their Assessment Areas and meet the credit needs of their entire community within those boundaries, including LMI neighborhoods.

For regulatory purposes, each Assessment Area receives its own CRA performance evaluation across lending, investment, and service tests. A bank operating in multiple markets—say, Detroit, Phoenix, and Charlotte—would have three separate Assessment Areas and receive individual ratings for each, in addition to an overall institutional rating. This structure ensures banks can’t neglect struggling markets while overperforming in more affluent ones. It holds institutions accountable to the communities that support them through deposits and day to day banking relationships.

CRA Designations

CRA expectations vary based on the size and structure of a bank. Under the CRA, most banks are stratified into one of three designations, based on their total assets. Other banks may apply to their regulator for special designations as a Wholesale or Limited Purpose Bank or to operate under a Strategic Plan, which must be approved by their regulator as well, after a public comment period. The six bank designations for CRA evaluation purposes include:



- **Small Bank:** “a bank, that as of December 31 of either of the prior two calendar years, had assets of less than \$1.649 billion.”²
- **Intermediate Small Bank:** “a Small Bank with assets of at least \$412 million as of December 31 of both of the prior two calendar years and less than \$1.649 billion as of December 31 of either of the prior two calendar years.”³
- **Large Bank:** a bank, that as of December 31 in both of the prior two calendar years, had assets of more than \$1.649 billion.⁴
- **Wholesale Bank:** “a bank that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect in accordance with 12 §___.25(b)”⁵
- **Limited Purpose Bank:** “a bank that offers only a narrow product line (such as credit card or motor vehicle loans) to a regional or broader market and for which a designation as a limited purpose bank is in effect, in accordance with 12 §___.25(b)”⁶
- **Bank under a Strategic Plan:** a bank that has met the requirements to be evaluated under a formal strategic plan wherein the bank has submitted the plan to its regulator, the regulator has approved the plan, the plan is still in effect, and the bank has been operating under the approved plan for at least one year.⁷

It is important to note that the asset size thresholds are adjusted annually for Small, Intermediate Small, and Large Banks under these requirements, with updates issued each December. The bank’s overall designation is a key factor in the regulatory requirements and performance expectations for the bank.

² 12 CFR §___.12(u)

³ Ibid.

⁴ Ibid.

⁵ 12 CFR §___.12(x)

⁶ 12 CFR §___.12(n)

⁷ 12 CFR §___.27

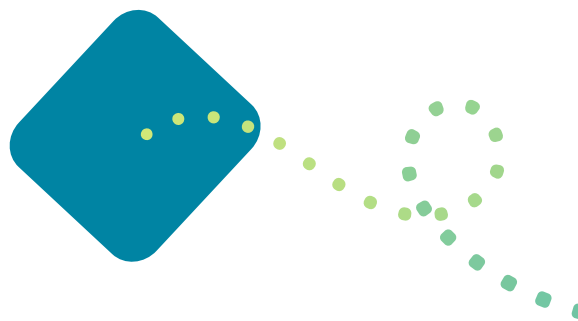
Three Performance Tests for Large Banks

A Large Bank is examined in three areas of performance during their CRA examination – lending, investments, and service. Large Banks under CRA receive a separate evaluation and rating in each of these three tests for each Assessment Area as well as at the institution level. These three tests include:

- The **Lending Test** which “evaluates a bank’s record of helping to meet the credit needs of its Assessment Area(s) through its lending activities by considering a bank’s home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank’s business, the [supervisory agency] will evaluate the bank’s consumer lending in one or more of the following categories: motor vehicle, credit card, home equity, other secured, and other unsecured loans.”⁸
- The **Investment Test** which “evaluates a bank’s record of helping to meet the credit needs of its Assessment Area(s) through qualified investments that benefit its Assessment Area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).”⁹
- The **Service Test** which “evaluates a bank’s record of helping to meet the credit needs of its Assessment Area(s) by analyzing both the availability and effectiveness of the bank’s systems for delivery retail banking services and the extent and innovativeness of its community development services.”¹⁰

The bank must document its performance in each of these tests during the entire time frame of the examination cycle, depending on the bank’s asset size and most recent CRA rating. During the CRA examination, a Large Bank’s ratings in each of these tests are accumulated into the overall institution’s CRA rating, with the individual Lending Test rating accounting for 50 percent and the individual Investment Test and Service Test ratings each accounting for 25 percent of the bank’s overall CRA rating.¹¹

An Intermediate Small Bank is evaluated based on performance under the Lending Test as well as standalone Community Development Test, which combines the Community Development Lending, the Investment Test and the Service Test expectations, with each Test accounting for 50 percent of the bank’s overall CRA rating. Wholesale and Limited Purpose Banks are solely reviewed under a Community Development Test. Banks operating under a CRA Strategic Plan establish their own benchmarks for evaluation, which must be approved by their banking regulator after a public comment period. Small Banks under CRA are evaluated solely on their performance under the Lending Test.

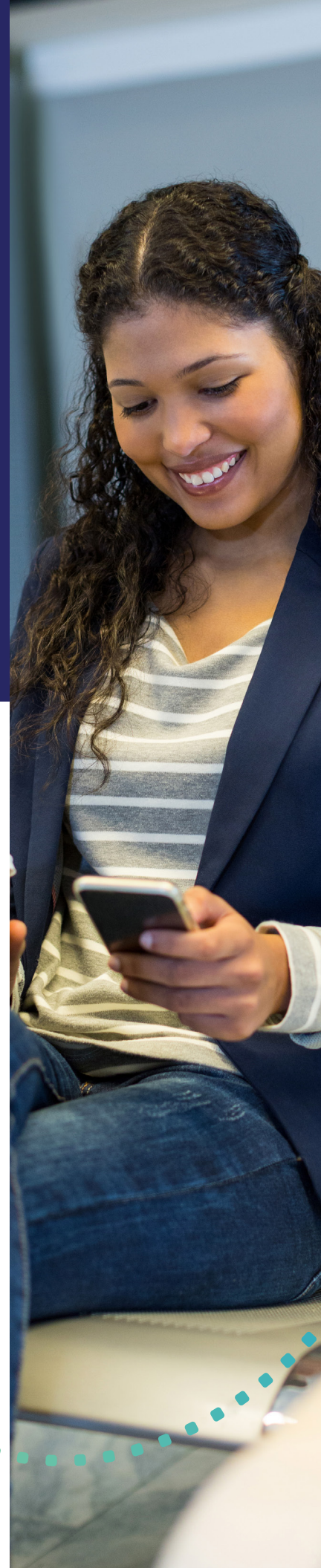


⁸ 12 CFR §__22(a)

⁹ 12 CFR §__23(a)

¹⁰ 12 CFR §__24(a)

¹¹ OCC, FRB and FDIC, *Large Institution CRA Examination Procedures*, April 2014, available at https://www.ffiec.gov/cra/pdf/cra_exlarge.pdf



CRA Examinations

All of a bank's preparation and tracking is done with a primary goal in mind, achieving a "Satisfactory" or "Outstanding" rating at their next CRA examination.

For Small Banks, examinations may occur only once every five years (sometimes longer), while a Large Bank is usually examined every 36 months. All banks must track and compile activities throughout the entire examination cycle and present that data to their examiners for consideration during the examination period. The supervisory agencies notify banks of their upcoming CRA examination via published schedules at least six months in advance. The bank's regulator then schedules an onsite examination at the bank, which may last a few days or a few weeks, to review materials, validate activities, and ask questions, with additional work conducted remotely. From there, the bank's CRA Public Evaluation report is prepared by the examiner and must be submitted through multiple layers of approval within the regulatory agency before the bank receives a draft. Several months later, the final version of that report is made available to the public on the regulator's website.



It is important that banks maintain at least a "Satisfactory" rating to avoid negative impacts to their growth and reputation. Of the many examinations conducted for a bank, the CRA Performance Evaluation report and assigned CRA rating is the only examination available to the public. Anyone can access a bank's historical CRA ratings and related reports on the FFIEC's or banking agencies' websites.¹² If a bank's CRA rating falls below "Satisfactory," one of the most tangible impacts is an immediate restriction of any planned branch growth or merger and acquisition activity until the negative rating is resolved. A negative rating also adds to the operational burden of the bank, as it requires quarterly monitoring and reporting to the bank's regulatory agency until the negative rating is resolved.

As CRA expectations continue to evolve, banks increasingly look for scalable, measurable ways to demonstrate impact particularly in areas like financial education, workforce readiness, and community engagement. Solutions that combine compliance alignment with meaningful outcomes help banks move beyond checking boxes and toward building lasting financial capability in the communities they serve.

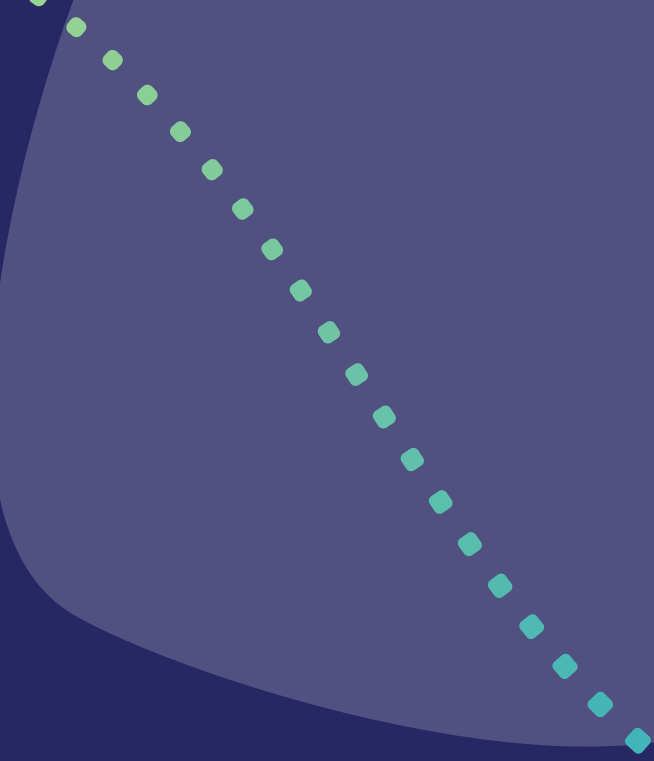
¹² To view the CRA Performance Evaluation history of any bank, visit <https://www.ffiec.gov/craratings/default.aspx>

Timeline of Recent CRA Changes

Beginning in 2018, the banking agencies have embarked on an effort to modernize the CRA rule. However, this process has involved many different attempts and continues to evolve. Following is a brief timeline of recent CRA modernization efforts:

- **04/2018:** U.S. Treasury issues a formal memo outlining its recommendations to improve the CRA.
- **09/2018:** Office of the Comptroller of the Currency (OCC) issues an Advanced Notice of Proposed Rulemaking to obtain public input on revisions to the CRA regulations.
- **12/2019:** OCC and Federal Deposit Insurance Corporation (FDIC) jointly issued a proposed rule to modernize the CRA regulations.
- **04/2020:** FDIC withdraws from the joint proposed rule citing COVID-19 pandemic response priorities.
- **05/2020:** OCC issues a final rule to modernize its CRA regulations effective 10/1/2020.
- **09/2020:** Federal Reserve issues an Advanced Notice of Proposed Rulemaking for its own CRA regulatory update.
- **01/2022:** OCC rescinds its May 2020 final CRA rule as the three agencies commit to issuing an interagency update.
- **10/2023:** Draft of the interagency final rule published.
- **02/2024:** Text of the interagency final rule to modernize CRA published in the *Federal Register*.
- **02/2024:** American Bankers Association (ABA), Independent Community Bankers Association (ICBA), and other trade groups sue the banking agencies for exceeding statutory authority in issuing the new CRA final rule.
- **03/2024:** Injunction issued by the Court of the Northern District of Texas to delay implementation of the new CRA final rule.
- **03/2025:** Banking agencies announce their intent to rescind the 2023 CRA final rule and reinstate the CRA framework that existed prior to its issuance.
- **07/2025:** Banking agencies issue a Notice of Proposed Rulemaking to rescind the 2023 CRA final rule.





This document and related regulatory analyses were prepared in partnership with findCRA in December 2025, based on findCRA's review of Everfi's offerings in comparison to the CRA and related regulatory guidance published at that time. The content provided is solely for informative and illustrative purposes and should only be construed as the professional opinion of findCRA and does not imply any affiliation or endorsement of Everfi. A bank should review the information presented herein in relation to its own interpretation of the CRA and related requirements regarding Everfi's offerings.

