

New fair banking CRA legislation: House committee on financial services (HR 8833)

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Summary

US House of Representatives Committee on Financial Services Chairwoman, Maxine Waters (D-CA), has introduced new legislation [H.R. 8833](#) “Making Communities Stronger through the Community Reinvestment Act.” The proposed amendment to the Community Reinvestment Act of 1977 (“CRA”) seeks to “improve the assessment process for financial institutions” under the CRA. Douglas Thompson considers the proposed legislation below.

CRA reform

In her [Press Release](#), Waters reiterated her on-going efforts and intention to “root out discrimination in our modern-day banking system and close the racial wealth and homeownership gaps.” The Press Release outlines the following specific proposed updates to the CRA:

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- “Ensuring bank services, loans and investments are meaningful and responsive to the needs of low- and moderate-income communities and communities of color;
- Providing local communities with more of a say on banks’ CRA exams and activities;
- Requiring CRA examiners to consider all unlawful activity on banks’ CRA exams;
- Requiring CRA exams to evaluate bank lending done in partnership with non-banks and fintechs;
- Encouraging lenders to make more small-dollar mortgages, specifically those under \$100,000; and
- Building a strong record of data to better identify ongoing discrimination or racial disparities and provide a pathway to consider this information on bank exams in the future.”

The Press Release also chronicles the efforts of Waters and others since 2019 to bring focus to and drive change, including the “potential astroturfing efforts” investigation impacting OCC and FDICs proposed rule makings regarding the CRA.

The legislation’s introduction precedes the upcoming large bank oversight hearings in both chambers of Congress: September 21st House Committee on Financial Services and September 22nd Senate Banking Committee. We should expect this topic to figure prominently in comments made and questions posed to the participating banking institutions at the upcoming hearings.

We will continue to monitor developments.