The Answer

SHELTERFORCE

Q: Who Enforces CRA?

A: Three different federal agencies, depending on what kind of bank is being regulated.

The **Community Reinvestment Act** was passed in 1977, and is designed to ensure that banks are investing fairly in all the communities where they do business. A poor CRA rating looks bad for a bank, and also can be used to keep it from merging.

But who makes the regulations and gives out these ratings? Many laws are implemented by a single agency, but CRA is implemented by **three different ones**. It all depends how the bank is chartered.

1 Office of the Comptroller of the Currency. The OCC is an independent bureau within the United States Department of the Treasury. It charters, regulates, and supervises all national banks and thrift institutions, and enforces CRA for those banks.

2 The Federal Reserve. The Federal Reserve is an independent, federally created system composed of member banks. All federally chartered banks are members and state chartered banks can choose to be members if they meet certain standards. The Federal Reserve enforces CRA for state-chartered entities that are members.*

3 Federal Deposit Insurance Corporation. The FDIC is an independent agency created by Congress to maintain stability and public confidence in the nation's financial system. It enforces CRA for state-chartered banks that are not members of the Federal Reserve.

* (This is somewhat simplified – some large banks regulated by the OCC may have related holding companies regulated by the Federal Reserve.)

When these entities work together off the same set of regulations, CRA can be enforced relatively consistently. However, in 2020 the OCC approved a set of new rules for CRA without the participation of the Fed and the FDIC, creating the potential for confusion and conflict.