Press Release

Understanding the Community Reinvestment Act

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With debate heating up over reforming the Community Reinvestment Act, it is important to understand the law's history and mechanics to grasp the necessity of reform. In a new primer, AAF's financial services policy team Thomas Wade and Matthew Adams outline the origin and current functioning of the law.

They explain several facets:

- Congress passed the Community Reinvestment Act in 1977 to prevent banks from withholding loans or general banking services from individuals living in low-income communities;
- The CRA encourages banks to open new branches, provide expanded services, and make a variety of community development loans and investments in these low- and moderate-income communities, with a focus on physical presence and investment in these areas; and
- While the banking industry has changed since the CRA became law, the CRA itself has not, and it now imposes anachronistic requirements on banks, prompting regulators to propose changes to the CRA.

Read the primer here.