

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Part 25

[Docket ID OCC–2025–0669]

Community Reinvestment Act: Simplified Strategic Plan Process for Community Banks

AGENCY: Office of the Comptroller of the Currency, Treasury.

ACTION: Proposed guidance and request for comment.

SUMMARY: The Office of the Comptroller of the Currency (OCC or agency) is proposing supplemental guidance on a simplified strategic plan process for community banks interested in requesting that the OCC evaluate their Community Reinvestment Act (CRA) performance under a strategic plan. The proposed simplified strategic plan process is designed to make the strategic plan option more accessible to and less burdensome for community banks.

DATES: Comments must be received by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

ADDRESSES: Commenters are encouraged to submit comments through the Federal eRulemaking Portal. Please use the title “Community Reinvestment Act: Simplified Strategic Plan Process for Community Banks” to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal—Regulations.gov:*

Go to <https://regulations.gov>. Enter Docket ID “OCC-2025-0669” in the Search Box and click “Search.” Public comments can be submitted via the “Comment” box below the displayed document information or by clicking on the document title and then clicking the “Comment” box on the top-left side of the screen. For help with submitting effective comments, please click on “Commenter's Checklist.” For assistance with the *Regulations.gov* site, please call 1-866-498-2945 (toll free) Monday-Friday, 9 a.m. – 5 p.m. EST, or email regulationshelpdesk@gsa.gov.

- *Mail:* Chief Counsel’s Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7th Street SW, Suite 3E-218, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street SW, Suite 3E-218, Washington, DC 20219.

Instructions: You must include “OCC” as the agency name and Docket ID “OCC-2025-0669” in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or personal information provided such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this action by the following method:

- *Viewing Comments Electronically—Regulations.gov:*

Go to <https://regulations.gov/>. Enter Docket ID “OCC-2025-0669” in the Search Box and click “Search.” Click on the “Dockets” tab and then the document’s title. After clicking the document’s title, click the “Browse All Comments” tab. Comments can be viewed and filtered by clicking on the “Sort By” drop-down on the right side of the screen or the “Refine Comments Results” options on the left side of the screen. Supporting materials can be viewed by clicking on the “Browse Documents” tab. Click on the “Sort By” drop-down on the right side of the screen or the “Refine Results” options on the left side of the screen checking the “Supporting & Related Material” checkbox. For assistance with the *Regulations.gov* site, please call 1-866-498-2945 (toll free) Monday-Friday, 9 a.m. – 5 p.m. EST, or email regulationshelpdesk@gsa.gov.

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

FOR FURTHER INFORMATION CONTACT: Emily Boyes, Counsel, Chief Counsel’s Office, 202-649-5490; Andrea Shearin, Policy Specialist, or Cassandra Remmenga, Policy Specialist, Office of the Chief National Bank Examiner, 202-649-5470. If you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION:

I. Introduction

Congress enacted the CRA¹ in 1977 based on its findings that: “(1) regulated financial institutions are required by law to demonstrate that their deposit facilities serve

¹ Public Law 95–128, 91 Stat. 1147 (1977) (codified at 12 U.S.C. 2901 *et seq.* (as amended)).

the convenience and needs of the communities in which they are chartered to do business; (2) the convenience and needs of communities include the need for credit services as well as deposit services; and (3) regulated financial institutions have continuing and affirmative obligation[s] to help meet the credit needs of the local communities in which they are chartered.”² Accordingly, the purpose of the CRA is to require the OCC³ to encourage regulated financial institutions⁴ “to help meet the credit needs of the local communities in which they are chartered consistent with the safe and sound operation of the institutions.”⁵ To achieve this purpose, the CRA requires the OCC to “assess [an] institution’s record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution.”⁶ Upon completing this assessment, the statute requires the OCC to “prepare a written evaluation of the institution’s record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods.”⁷ The statute further provides that the OCC must “take such record into account in its evaluation of an application for a deposit facility by such institution.”⁸

The CRA directs the OCC to publish regulations to carry out the purposes of the

² 12 U.S.C. 2901(a).

³ In addition to the OCC, the CRA applies to the Federal Deposit Insurance Corporation (FDIC) and the Board of Governors of the Federal Reserve System (Board). *See e.g.*, 12 U.S.C. 2901(b), 2902(1), 2903(a), and 2905. This SUPPLEMENTARY INFORMATION discusses guidance being proposed by the OCC, and, therefore, focuses the discussion on the CRA and implementing regulations as they relate to the OCC.

⁴ The CRA defines “regulated financial institution” to mean an insured depository institution as defined in 12 U.S.C. 1813(c)(2). *See* 12 U.S.C. 2902(2).

⁵ 12 U.S.C. 2901(b).

⁶ 12 U.S.C. 2903(a)(1).

⁷ 12 U.S.C. 2906(a).

⁸ 12 U.S.C. 2903(a)(2).

CRA.⁹ In general, the OCC’s CRA regulation, first promulgated in 1978, establishes the standards under which the OCC evaluates banks’¹⁰ CRA performance.¹¹ The OCC’s 1995 CRA regulations¹² significantly revised and clarified the 1978 CRA regulations. Currently, the OCC evaluates banks’ CRA performance pursuant to the 1995 CRA regulation, as amended in the OCC’s 2021 CRA Final Rule (CRA regulation).¹³ During the OCC’s 30 years of experience examining banks under the CRA regulation, the agency

⁹ 12 U.S.C. 2905. Pursuant to Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111–203, 124 Stat. 1376, 1522 (2010), the Office of Thrift Supervision’s (OTS) CRA rulemaking authority for all savings associations transferred to the OCC and the OTS’s CRA supervisory authority for State savings associations transferred to the FDIC. As a result, the OCC’s CRA regulation applies to both State and Federal savings associations, in addition to national banks, and the FDIC enforces the OCC’s CRA regulation with respect to State savings associations.

¹⁰ For purposes of this SUPPLEMENTARY INFORMATION, the term “bank” includes insured national banks, Federal savings associations, and certain Federal branches of foreign banks as defined in 12 CFR 25.11 (Mar. 29, 2024).

¹¹ 43 FR 47144 (Oct. 12, 1978).

¹² The OCC originally issued separate regulations for national banks and Federal savings associations in 12 CFR part 25 and part 195, respectively. The OCC integrated these CRA regulations in its 2021 CRA final rule into a single CRA regulation, 12 CFR part 25, applicable to national banks and savings associations (2021 CRA Regulation). *See* 86 FR 71328 (Dec. 15, 2021).

¹³ The simplified strategic plan process proposed in this SUPPLEMENTARY INFORMATION would provide timely guidance on the OCC’s interpretation and application of the CRA regulation that the agency is currently applying to its regulated institutions, often referred to as the 1995/2021 CRA Regulations. The OCC, together with the FDIC and the Board (collectively, the agencies), and the former OTS, first adopted the 1995 CRA Regulations on May 4, 1995. 60 FR 22156 (May 4, 1995). The OCC reissued the 1995 CRA Regulation, as amended, with non-substantive changes on December 15, 2021—the 2021 CRA Regulation. *See* 86 FR 71328. For purposes of this SUPPLEMENTARY INFORMATION, references to the CRA regulation are to the OCC’s 2021 CRA Regulation as published in the Electronic Code of Federal Regulations (eCFR) as of March 29, 2024, which is substantively identical to the FDIC’s and Board’s 1995 CRA Regulations, as amended.

On October 23, 2023, the agencies had jointly issued a CRA final rule (2023 CRA Final Rule). The 2023 CRA Final Rule is currently subject to a preliminary injunction by order of the U.S. District Court for the Northern District of Texas. *See Tex. Bankers Ass’n v. Office of the Comptroller of the Currency*, 728 F. Supp. 3d 412 (N.D. Tex. 2024). On July 16, 2025, the agencies issued a notice of proposed rulemaking (CRA Rescind and Replace NPR) to rescind the 2023 CRA Final Rule and replace it with the 1995/2021 CRA Regulations, as amended. *See* 90 FR 34086 (July 18, 2025). The comment period for the CRA Rescind and Replace NPR closed on August 18, 2025, and the agencies are considering the comments received on that proposal. The OCC will continue to apply the 2021 CRA Regulation as published in the *Federal Register* on March 29, 2024, for as long as the preliminary injunction of the 2023 CRA Final Rule remains in effect. Should the agencies finalize the CRA Rescind and Replace NPR in the future, the OCC would continue to apply the 2021 CRA Regulation to banks indefinitely. In proposing the simplified strategic plan process, the OCC considered that a strategic plan provision was a component of the 1995/2021 CRA Regulations and the 2023 CRA Final Rule, and that timely guidance that reduces burden for community banks is an important objective even if future modifications to the guidance were to become necessary.

has developed an in-depth understanding of how banks of different sizes and business models meet the credit needs of their communities. This includes community banks, which under the OCC's current organizational structure, are those with up to \$30 billion in assets.¹⁴ The OCC also has received extensive feedback on the benefits of, as well as stakeholder concerns with, the CRA regulation.¹⁵

A. The Strategic Plan Option

Under the CRA regulation, any bank may elect to have the OCC assess its CRA performance under an approved strategic plan (strategic plan option).¹⁶ A CRA strategic plan provides a bank with an alternative to the OCC's examination of its CRA performance under the otherwise applicable performance tests and standards.¹⁷

Specifically, the CRA regulation includes performance tests and standards for banks of different sizes and types. The OCC uses these performance tests and standards to assess banks' performance under the CRA. Depending on a community bank's size or business model, the OCC may examine the bank pursuant to the (1) lending test,¹⁸ investment test,¹⁹ and service test;²⁰ (2) small bank performance standards,²¹ which include a lending

¹⁴ See OCC, "OCC Announces Updates to Organizational Structure" (Sept. 18, 2025), <https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-89.html>.

¹⁵ See, e.g., 72 FR 62036 (Nov. 1, 2007) (Federal Financial Institutions Examination Council (FFIEC) 2007 joint report to Congress pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA)); 82 FR 15900 (Mar. 30, 2017) (2017 EGRPRA Report); 85 FR 1204 (Jan. 9, 2020) (proposed CRA rule); 85 FR 34734 (June 5, 2020) (final CRA rule); 89 FR 6574 (Feb. 1, 2024) (final CRA rule).

¹⁶ 12 CFR 25.27 (Mar. 29, 2024).

¹⁷ See 12 CFR 25.21 through 25.26 (Mar. 29, 2024).

¹⁸ 12 CFR 25.22 (Mar. 29, 2024).

¹⁹ 12 CFR 25.23 (Mar. 29, 2024).

²⁰ 12 CFR 25.24 (Mar. 29, 2024).

²¹ 12 CFR 25.26 (Mar. 29, 2024).

test²² and a community development (CD)²³ test,²⁴ as applicable; or (3) CD test for wholesale or limited purpose banks.²⁵ The OCC examines small banks²⁶ using the lending test in the small bank performance standards. In addition, intermediate small banks are also evaluated pursuant to the CD test in the small bank performance standards. The OCC evaluates banks that exceed the small bank asset-size threshold—commonly referred to as large banks—using the lending test, investment test, and service test. In addition, the OCC evaluates a bank designated under the CRA regulation as a wholesale bank or a limited purpose bank²⁷ using the CD test for wholesale and limited purpose banks.

The strategic plan option²⁸ enables a bank to tailor its CRA examination based on the needs of its community and its ability to help address those needs based on its capacity and constraints, product offerings, and business strategy. The CRA regulation

²² 12 CFR 25.26(b) (Mar. 29, 2024).

²³ Under the CRA regulation, “community development” means: (1) affordable housing (including multifamily rental housing) for low- or moderate-income (LMI) individuals; (2) community services targeted to LMI individuals; (3) activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or (4) activities that revitalize or stabilize—(i) LMI geographies; (ii) Designated disaster areas; or (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, FDIC, and the OCC, based on—(A) rates of poverty, unemployment, and population loss; or (B) population size, density, and dispersion. *See* 12 CFR 25.12(g) (Mar. 29, 2024).

²⁴ 12 CFR 25.26(c) (Mar. 29, 2024).

²⁵ 12 CFR 25.25 (Mar. 29, 2024).

²⁶ Under the CRA regulation, for calendar year 2025, a small bank is defined as a bank that had assets of less than \$1.609 billion as of December 31 of either of the prior two calendar years. Within the definition of small bank, an “intermediate small bank” is defined as a bank with assets of at least \$402 million as of December 31 of both of the prior two calendar years and less than \$1.609 billion as of December 31 of either of the prior two calendar years. The small bank asset-size threshold is adjusted annually based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million. *See* 12 CFR 25.12(u) (Mar. 29, 2024); *see also* OCC, “Community Reinvestment Act: Revision of Small and Intermediate Small Bank and Savings Association Asset Thresholds” (Dec. 23, 2024), <https://www.occ.treas.gov/news-issuances/bulletins/2024/bulletin-2024-36.html>.

²⁷ *See* 12 CFR 25.12(n) (Mar. 29, 2024) (definition of limited purpose bank); 12 CFR 25.12(x) (Mar. 29, 2024) (definition of wholesale bank).

²⁸ *See* 12 CFR 25.27 (Mar. 29, 2024) (strategic plan provision).

requires a bank seeking to elect the strategic plan option to develop a plan that details how it will meet its CRA obligations in consultation with members of the public,²⁹ publish the plan for public comment,³⁰ and include in the plan annual interim measurable goals.³¹ The strategic plan provision provides (1) certain additional requirements that a bank must comply with when electing the strategic plan option³² and (2) the OCC's criteria for evaluating and approving a proposed strategic plan.³³

B. Overview of Feedback on CRA-Related Regulatory Burden and the Strategic Plan Option

Over the years, certain stakeholders have expressed concern with CRA-related regulatory burden, especially burden on smaller banks with more limited resources. The OCC recognizes that concerns with CRA-related regulatory burden stem, in part, from the qualitative evaluation framework provided in the CRA regulation's otherwise applicable performance tests and standards, which may make it difficult for banks to understand the OCC's supervisory expectations. This lack of transparency may also make it more challenging for banks to effectively manage their CRA programs. Further, the OCC has observed that the CRA regulation's otherwise applicable performance tests and standards may not be well suited for evaluating certain banks' business models, particularly in an evolving banking industry. For these banks, the current CRA regulatory framework may not effectively encourage or increase CRA-qualifying activity.

Considering this background, certain stakeholders have conveyed the importance

²⁹ See 12 CFR 25.27(d) (Mar. 29, 2024).

³⁰ See *id.*

³¹ See 12 CFR 25.27(f)(1) (Mar. 29, 2024).

³² See 12 CFR 25.27(a) through (c), (e), (f)(2) and (4), and (h) (Mar. 29, 2024).

³³ See 12 CFR 25.27(g) (Mar. 29, 2024).

of the strategic plan option, commenting that strategic plans should be available to all banks and could be useful for many banks, particularly branchless banks and banks with unique business models.³⁴ Further, some stakeholders have suggested simplifying the process for small banks to elect the strategic plan option.³⁵

Because of the certainty and flexibility that the strategic plan option provides banks to tailor their CRA examinations, the OCC has witnessed an increase in non-traditional banks' use of the strategic plan option, including certain community banks.³⁶ However, the OCC understands from its interactions with banks that the current strategic plan process can be complex and difficult to navigate. As a result, overall election of the strategic plan option remains limited.³⁷ Given the flexibility provided by the strategic plan option, the OCC believes that it may be a useful tool for reducing CRA-related regulatory burden for all community banks—from the smallest retail community banks to larger, non-traditional community banks that offer their products and services through the internet.

Consistent with stakeholder feedback, the OCC has determined that the strategic

³⁴ See, e.g., 89 FR at 6775 and 7004 (discussing strategic plan comments submitted for the 2023 CRA Final Rule); 85 FR at 34777 (discussing the same for the OCC's 2020 CRA final rule).

³⁵ See, e.g., 82 FR at 15916 (commenter suggestion in the 2017 EGRPRA Report that the strategic plan option process is too cumbersome and should be streamlined for smaller institutions).

³⁶ As of April 23, 2025, the OCC had 14 banks with approved strategic plans. Of these banks (1) 10 banks had their initial strategic plan approved by the OCC in 2020 or later; (2) 10 banks had assets of up to \$30 billion; and (3) 12 banks were non-traditional banks (*i.e.*, banks with business models that generally are not branch-based or do not focus on extending retail credit to consumers, small business, or small farms).

³⁷ See U.S. Department of the Treasury, "Memorandum for the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation – Community Reinvestment Act – Findings and Recommendations" 13 (*hereinafter* Treasury CRA Memorandum) (Apr. 3, 2018), <https://home.treasury.gov/system/files/136/4-3-18%20CRA%20memo.pdf>. Between 1996, when the strategic plan option was introduced, and November 2025, 106 insured depository institutions have been evaluated pursuant to a strategic plan. See FFIEC, "Interagency CRA Rating Search" (last visited Nov. 2025), <https://www.ffiec.gov/craratings/default.aspx> (using the "Strategic plan" search query).

plan option could be a useful means for more community banks to tailor their CRA examinations based on bank size and other relevant factors. Further, the OCC has determined that providing a simplified strategic plan process for community banks would facilitate their ability to elect the strategic plan option. Evaluation under a strategic plan would provide community banks with clear CRA supervisory expectations and enable the banks to better focus their resources on meeting community credit needs. Specifically, community banks may find it challenging to determine what constitutes a “Satisfactory” or “Outstanding” level of performance under the otherwise applicable performance tests and standards or for purposes of the strategic plan option due to more limited in-house compliance and legal expertise and less robust compliance management systems, as compared with larger banks. While the strategic plan option is intended to provide banks with more certainty in their CRA examinations, community banks may find electing the strategic plan option difficult without help from outside consultants. This is because the current strategic plan guidance lacks clarity regarding the required components of a strategic plan, including what would constitute reasonable measurable goals. Based on feedback from banks, the OCC understands that these circumstances have had a chilling effect on banks’ use of the strategic plan option, particularly community banks.

In addition to providing clarity, the proposed guidance would simplify the process for community banks electing the strategic plan option and help to potentially reduce their CRA-related regulatory burden—making the strategic plan option a more viable alternative for these banks.³⁸ Electing the strategic plan option would facilitate a

³⁸ The OCC determined that the current guidance is appropriate and sufficient for larger, more complex banks because it allows those banks to appropriately tailor the design, supporting information, and content of their strategic plans. As the OCC gains experience with the simplified strategic plan process for community banks, the agency will consider whether its use should be expanded to other banks.

community bank's ability to focus resources on engaging in CRA-qualifying activities consistent with the measurable goals specified in the bank's strategic plan. Reducing community banks' CRA-related regulatory burden is also consistent with the purpose and underlying policy of Executive Order 14192, Unleashing Prosperity Through Deregulation—"reduc[ing] the private expenditures required to comply with Federal regulations to secure America's economic prosperity and national security and the highest possible quality of life for each citizen."³⁹

II. Simplified Strategic Plan Process for Community Banks

Despite the potential advantages, as discussed above, banks have infrequently elected the strategic plan option.⁴⁰ This has been especially true for community banks, although recently the OCC has experienced a relative increase in community bank strategic plans. The proposed simplified strategic plan process would reduce burden for community banks by (1) providing more detailed guidance on the measurable goals and the other components of a strategic plan required by the CRA regulation and (2) simplifying the method for drafting and submitting a proposed strategic plan to the OCC for approval.

To develop the proposed simplified strategic plan process, the OCC reviewed current CRA guidance to identify opportunities to provide clarity on, and increase the efficiency of, strategic plan development. The OCC's current guidance for banks' electing the strategic plan option is provided in OCC Bulletin 2019-39.⁴¹ This guidance

³⁹ 90 FR 9065, 9065 (Feb. 6, 2025).

⁴⁰ See *infra* note 37.

⁴¹ See OCC, "Community Reinvestment Act: Guidelines for Requesting Approval of a Strategic Plan" (*hereinafter* OCC Bulletin 2019-39) (July 31, 2016), <https://www.occ.gov/news-issuances/bulletins/2019/bulletin-2019-39.html>.

provides the OCC's process for submitting a proposed strategic plan to the agency for approval but does not provide much clarification on how to develop a proposed strategic plan.

In addition, OCC Bulletin 2019-39 and the Interagency Questions and Answers on Community Reinvestment (Q&As) explain that banks may consult with and provide information to the OCC on a proposed strategic plan, and the OCC will provide guidance on whether the level of detail in the proposed plan would be sufficient to permit the OCC to evaluate the plan.⁴² This guidance explains, however, that the OCC's advice on a bank's proposed strategic plan does not include commenting on the merits of the proposed strategic plan or the adequacy of the bank's measurable goals. As discussed below, the OCC has found that the consultation process described in the current guidance is often insufficient, and, in practice, banks generally require more detailed feedback during the strategic plan development process to help manage the burden of drafting a strategic plan.⁴³

The OCC believes that the limited guidance on the strategic plan option has contributed to the burden associated with the current strategic plan process. The OCC understands that many community banks perceive the burden of developing a proposed strategic plan to outweigh the benefit of being evaluated under a strategic plan.⁴⁴ The OCC believes that providing more clear and detailed guidance and a simplified process for the development of a strategic plan would make the strategic plan option a more

⁴² See Q&A § __.27(c)—1, 81 FR 48506 (July 25, 2016).

⁴³ The OCC will continue to engage in the more meaningful strategic plan consultations that have become the agency's practice under the existing process.

⁴⁴ See Treasury CRA Memorandum, *supra* note 37, at 13-14.

viable alternative for a greater number of community banks and facilitate burden reduction in connection with the banks' CRA compliance.

A. Measurable Goals, In General.

The CRA regulation's strategic plan provision provides that a bank's strategic plan must specify annual interim measurable goals that constitute a "Satisfactory" level of performance for each assessment area covered by the strategic plan.⁴⁵ In addition to "Satisfactory" measurable goals, the CRA regulation provides that a bank's strategic plan may specify measurable goals that constitute an "Outstanding" level of performance.⁴⁶

Generally, the CRA regulation provides that a bank's proposed measurable goals must address all three performance categories (*i.e.*, lending, investment, and services) and, unless the bank has been designated as a wholesale or limited purpose bank, must emphasize lending and lending-related activities.⁴⁷ However, the CRA regulation also states that a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of a bank's assessment areas, considering public comment and the bank's capacity and constraints, product offerings, and business strategy.⁴⁸ Notably, the CRA regulation provides banks with flexibility in developing a proposed strategic plan and does not require banks to specify measurable goals in all three performance categories. A community bank should consider its particular facts and circumstances and the credit needs of its community to determine the appropriate performance categories to include in its proposed strategic

⁴⁵ See 12 CFR 25.27(c)(1) and (f)(1) and (3) (Mar. 29, 2024).

⁴⁶ See 12 CFR 25.27(f)(3) (Mar. 29, 2024).

⁴⁷ See 12 CFR 25.27(f)(1) (Mar. 29, 2024).

⁴⁸ See *id.*

plan. The OCC's goal in developing the simplified strategic plan process is to enhance the substantial flexibility for community banks to tailor their CRA programs as intended by the strategic plan provision⁴⁹

i. Establishing Measurable Goals

Currently, the available guidance on what constitutes an appropriate measurable goal is limited. The Q&As provide some explanation regarding the meaning of “measurable goals” in the CRA regulation, but the Q&As do not explain how a community bank would determine the appropriate level of performance for those goals. Specifically, the Q&As provide that annual interim measurable goals (*e.g.*, number of loans, dollar amount, geographic location of activity, and benefit to LMI areas or individuals) must be stated with sufficient specificity to permit the public and the OCC to quantify what performance will be expected.⁵⁰ However, banks are provided flexibility in specifying measurable goals.⁵¹ The Q&A explains, for example, that a bank may provide ranges of lending amounts in different categories of loans or that measurable goals may be linked to funding requirements of certain public programs or indexed to other external factors as long as these mechanisms provide a quantifiable standard.⁵² In the OCC's experience, the existing guidance is insufficient to enable banks, especially community banks, to draft proposed strategic plans without considerable support from the OCC or external consultants. For larger, more sophisticated banks, however, the current guidance

⁴⁹ This explanation of the strategic plan provision is consistent with the explanation provided in the 1994 CRA proposal preceding the 1995 CRA regulation, which is substantively similar in relevant part to the strategic plan provision that was ultimately included in the CRA regulation. *See* 59 FR 51232, 51242-51243 (Oct. 7, 1994); *see also* 12 CFR 25.27(f) (Mar. 29, 2024).

⁵⁰ *See* Q&A § __.27(f)(1)—1.

⁵¹ *See id.*

⁵² *See id.*

provides appropriate flexibility to customize their strategic plans to the banks' unique circumstances. In contrast, community banks generally have less complex business strategies, resulting in a disconnect between the regulatory burden associated with developing a proposed strategic plan and the perceived benefits that would result from evaluation under an approved strategic plan. As noted above, this disconnect has chilled community banks' election of the strategic plan option and supports developing a simplified strategic plan process for community banks.

Under the proposed simplified strategic plan process for community banks, the OCC would provide more specific guidance on the types of measurable goals, including the performance measures (*e.g.*, percentage, number, dollar amount, or other quantifiable measure of a particular type of lending, investment, or service) and performance levels (*i.e.*, the specific value for a performance measure, such as a set percentage of lending), that may be appropriate for community banks based on the agency's supervisory experience. Specifically, the OCC would provide examples of measurable goals that a community bank could adopt in its proposed strategic plan (*hereinafter*, elective goals), as appropriate. A community bank may also include as measurable goals bank-specific, custom goals if it determines that the elective goals are not suitable for the bank based on its performance context,⁵³ or the bank identifies unique goals that it would like to include in its strategic plan.

⁵³ The CRA regulation provides that the OCC considers whether to approve a proposed strategic plan based on a bank's performance context, and the strategic plan provision references certain performance context factors (*i.e.*, capacity and constraints, product offerings, and business strategy) that a bank should consider in specifying measurable goals. *See* 12 CFR 25.21(b) and 25.27(f) (Mar. 29, 2024).

The OCC developed the proposed elective goals by considering measurable goals in approved strategic plans and the OCC’s experience in evaluating community banks’ CRA performance under the otherwise applicable performance tests and standards. A community bank could use one or more of the elective goals in its proposed strategic plan if, after considering its performance context, the bank determines those goals are an appropriate means of measuring the bank’s CRA performance. As discussed in greater detail below, the proposed elective goals reflect different levels of performance that the OCC would likely consider “Satisfactory” or “Outstanding” for a community bank for that performance category or activity individually or in combination with other goals, depending on the circumstances. The elective goals, however, are not safe harbors and their use would not guarantee approval of a strategic plan. The OCC’s approval of a strategic plan would be provided only after a community bank were to undertake the required public engagement and adjust its proposed strategic plan to address public comments, as appropriate.⁵⁴ In approving a proposed strategic plan, the OCC would consider the criteria for evaluating a strategic plan provided in the CRA regulation, as discussed below.

In drafting a proposed strategic plan, a community bank would comply with the regulatory requirement to address all three performance categories in its proposed strategic plan by specifying measurable goals for one or more performance categories and including related performance context. A community bank would also provide

⁵⁴ See 12 CFR 25.27(d) and (g)(2) (Mar. 29, 2024).

performance context addressing any performance categories for which the bank did not specify measurable goals.

The measurable goals a community bank specifies in its proposed strategic plan, including the number of goals, combination of goals, represented performance categories, and performance levels for those goals must be appropriate and reasonable for the community bank based on its circumstances. Specifically, in selecting elective goals or developing custom goals, a community bank should consider the needs of and opportunities in the assessment areas covered by its strategic plan and its performance context, particularly the bank's capacity and constraints, product offerings, and business strategy.⁵⁵ A community bank's historical CRA performance may also be a relevant consideration.

The OCC generally does not expect community banks' use of the simplified strategic plan process to result in reductions in CRA-qualifying activities as compared to the existing process. In addition, the OCC plans to periodically assess and, if appropriate, update the elective goals.⁵⁶ For example, the OCC may revise or add to the elective goals to account for changing economic conditions, public comments received in connection with banks' strategic plans, or other relevant information. Below is a discussion of

⁵⁵ The proposed elective goals were designed for use in the simplified strategic plan process for community banks only. Because the appropriateness of a particular elective goal for use in a community bank's proposed strategic plan would be based on the bank's circumstances and determined after the opportunity for public comment, the elective goals should not be considered benchmarks for "Satisfactory" or "Outstanding" CRA performance outside the simplified strategic plan process. Even in the context of the simplified strategic plan process, a community bank would need to consider performance context to determine whether to use any of the elective goals in its proposed strategic plan.

⁵⁶ The proposed elective goals would be incorporated into the Simplified Strategic Plan Form, discussed *infra*.

considerations that informed the proposed guidance on measurable goals included in the simplified strategic plan process.

ii. Elective Goals

1. Performance Measures

In the OCC's experience, one of the reasons banks elect the strategic plan option is to establish specific performance targets that they can manage their CRA programs to achieve. The OCC has observed that banks often express measurable goals in terms of dollar amounts to maximize predictability. In some instances, however, banks have used other performance measures to set measurable goals, including percent of tier one (T1) capital⁵⁷ or total assets.⁵⁸ When using these other performance measures, banks allocate capital or assets to each assessment area. Typically, banks will use the percentage of deposits assigned to a given assessment area as the basis for this allocation. The proposed elective goals would rely on this allocation method for specifying measurable goals in each assessment area covered by the plan. For multi-year strategic plans, a bank would be required to establish annual interim measurable goals for each year in the strategic plan term. Generally, the OCC has expected a bank to annually increase the dollar-denominated thresholds in its interim goals to account for a bank's expected growth and the resultant increase in capacity.

⁵⁷ T1 capital refers to the sum of common equity T1 capital and additional T1 capital. *See* 12 CFR 3.2; *see also* 12 CFR 3.20(b) and (c). With respect to CD lending and qualified investments, the OCC has considered the dollar volume of a bank's lending in comparison to its T1 capital as this measure provides context on the bank's capacity to provide lending, investments, or services.

⁵⁸ While the OCC has not typically considered CD lending and qualified investments in comparison to total assets in the otherwise applicable performance tests and standards, banks have used total assets as a performance measure in approved strategic plans and the OCC generally considers it to be a reasonable measure of bank capacity.

Considering this background, the OCC reviewed the measurable goals in approved strategic plans and considered community banks' CRA performance and the comparators used to assess that performance under the otherwise applicable performance tests and standards.⁵⁹ The OCC relied on this historical information to help identify potential elective goals that would generally reflect "Satisfactory" or "Outstanding" performance for community banks depending on the circumstances, including the banks' performance context.

2. Performance Levels

In the OCC's experience, the adequacy of a bank's level of performance is informed by the sufficiency with which a bank has addressed its obligation to meet community credit needs, accounting for the bank's capacity to meet those needs. For example, the CRA requires that the OCC consider a bank's record of performance in meeting community credit needs consistent with the bank's safe or sound operations and the OCC would not expect banks to engage in levels of performance that would be unsafe or unsound. The OCC has identified that additional performance context factors—such as community needs and opportunities and business strategy—result in some variation in the appropriate levels of performance amongst community banks. Further, the appropriate performance level for a particular goal included in a community bank's proposed strategic plan would be influenced by whether the bank included other measurable goals in its strategic plan and the nature of those goals. The OCC also relied on its supervisory experience to identify additional factors that have influenced banks' specification of

⁵⁹ Under the otherwise applicable performance tests and standards, the OCC uses certain comparators to assess banks' CRA performance including T1 capital, demographic comparators (e.g., LMI population) or peer comparators (e.g., peer bank lending activity).

measurable goals, including the performance measures used in the goals. After considering this information, and as explained further below, the OCC is proposing elective goals that are consistent with the performance measures and performance levels that the agency historically has expected of community banks with “Satisfactory” or “Outstanding” ratings.

3. Specifying Measurable Goals

In specifying measurable goals, a community bank would determine which performance categories to include in its goals, and the performance measures and performance levels for the goals in those categories. The OCC expects that a community bank would specify measurable goals that are appropriate for the bank based on its performance context; however, because the strategic plan option provides community banks with significant flexibility to tailor their CRA examinations, measurable goals may vary even when comparing two similarly situated banks. Community banks may choose different variations of goals with different performance measures and performance levels to tailor their CRA examinations based on their individual circumstances. For that reason, the elective goals include performance measures with several options for performance levels. Further, community banks would have the option to specify custom goals to use in combination with or instead of the elective goals.

The standardized form that community banks would use in connection with the simplified strategic plan process (*hereinafter* the Simplified Strategic Plan Form), discussed below, would include guidance for when a proposed elective goal may be appropriate for a community bank. For example, if a community bank’s strategic plan were to include measurable goals focused on only one performance category, the OCC

would generally expect the bank to specify measurable goals with higher performance levels than if the bank had included measurable goals in multiple performance categories. This expectation is not categorically applicable, however. In the OCC's view, it may be appropriate for certain community banks to specify fewer measurable goals with lower performance levels even if the bank does not include goals in all three performance categories. For example, it may be appropriate for a smaller community bank with a narrow product line to specify measurable goals in a single performance category at a performance level that would not be considered "Satisfactory" for a larger community bank with more diverse product offerings and greater capacity. Therefore, the guidance that would be included in the Simplified Strategic Plan Form along with the proposed elective goals would provide general guidelines for a community bank's use of the elective goals. In addition to the guidance provided, a community bank should consider its performance context to determine the elective goals that would be appropriate based on the bank's circumstances.

The OCC considered different performance context factors and how those factors may influence the appropriate performance measures and performance levels that would be used to express a community bank's proposed measurable goals. Specifically, performance context factors such as competition, market share, and bank size, or other bank-specific considerations may make total dollar amount alone an inadequate measure of a bank's CRA performance. For example, the OCC determined that goals that measure performance by both number and dollar amount may be appropriate for a bank that focuses on a larger number of small dollar, highly responsive activities. Further, goals with lower assessment area performance levels may be appropriate when a community

bank's proposed strategic plan includes an elective goal with performance measures for an assessment area coupled with performance measures for the broader statewide or regional area that includes the assessment area. The OCC also determined that there are instances where it may not be reasonable, particularly without additional feedback, for the OCC to state elective goals with fixed performance levels, such as dollar-thresholds or percentage-based performance targets. In these circumstances, the OCC believes that it can improve on the current guidance by providing template-style elective goals that include a variable that the community bank would populate.

Based on the information considered, the OCC determined that the elective goals should include different performance levels within the same performance categories, subcategories (*e.g.*, retail lending goals and CD lending goals), or combined categories (*e.g.*, a CD lending and qualified investment combined goal). In general, smaller, less complex community banks would consider elective goals with lower performance levels, while larger, more complex community banks would consider specifying elective goals with higher performance levels. This guidance aligns with the OCC's different performance expectations based on its experience evaluating banks under the otherwise applicable performance tests and standards and in reviewing and approving strategic plans. Nonetheless, because performance context is unique to a bank, there may be exceptions from these general principles.

The simplified strategic plan process would help reduce burden for community banks by providing greater insight into the considerations that have informed the OCC's approval of strategic plans. The proposed guidance does not establish any new requirements for community banks. Instead, as discussed above, the proposed guidance

would provide community banks with transparency into the types of measurable goals that the OCC has generally found to reflect “Satisfactory” or “Outstanding” performance and otherwise clarify and simplify the process for electing the strategic plan option. This transparency would facilitate a community bank’s consideration of its performance context and determination of appropriate measurable goals as is currently required for any bank electing the strategic plan option. As also noted above, this proposed guidance would not establish safe harbors guaranteeing approval of a proposed strategic plan; however, provided that a community bank adequately supported the inclusion of particular elective goals in its proposed strategic plan based on its circumstances and complied with the other requirements of the strategic plan provision, the OCC would be likely to approve the bank’s proposed strategic plan under the simplified strategic plan process.

Questions:

- 1. Does providing elective goals that a community bank may consider using as measurable goals in a proposed strategic plan provide clarity to community banks and make developing a proposed strategic plan less burdensome?*
- 2. Are there other factors that the OCC should consider in determining appropriate elective goals?*
- 3. For community banks that use the simplified strategic plan process, instead of setting performance levels for the elective goals based on the OCC’s existing performance expectations, should the OCC consider increasing or decreasing its*

expected level of performance? If so, how and why should the OCC revise community bank performance expectations in the elective goals?

iii. Custom Goals

As discussed above, the simplified strategic plan process would also include the option for a community bank to develop bank-specific, custom goals instead of, or in addition to, using the elective goals. Under the current strategic plan process, all measurable goals are custom goals because the OCC currently does not provide examples of what may constitute reasonable measurable goals. The simplified strategic plan process would include the option for community banks to develop custom goals to maintain the flexibility intended by the strategic plan option.

A community bank may choose to develop a custom goal due to unique performance context factors or specific community needs that the bank wishes to address. This may be particularly appropriate for the performance categories with a more limited number of elective goals that apply to a narrow set of circumstances, as discussed below. Further, it may be appropriate for a bank to develop a custom goal that is similar to an elective goal but changes it in a meaningful way. For example, if an elective goal uses total assets as the performance measure, a community bank with cyclical assets instead may choose to specify a custom goal using average assets as its performance measure. A community bank would specify a custom goal along with any relevant performance context in its strategic plan.

Question:

4. Does providing guidance on custom goals appropriately simplify the strategic plan development process for community banks? Does this guidance appropriately balance the need for greater clarity on the types of goals that the OCC would likely approve for community banks with the flexibility intended by the strategic plan option to allow banks to tailor their CRA examinations?

B. Performance Categories of Measurable Goals

A community bank may include different types of measurable goals for the three performance categories (*i.e.*, lending, investment, and services) in its proposed strategic plan. As noted above, the OCC based the proposed elective goals on the agency's supervisory experience and other relevant information. Under the proposed simplified strategic plan process, a community bank would determine whether certain goals were appropriate for inclusion in the bank's proposed strategic plan and when it may be appropriate to specify a custom goal. A community bank would include measurable goals for each assessment area included in its strategic plan. The number, combination, and represented performance categories for the elective goals or custom goals included in a community bank's proposed strategic plan may vary depending on assessment area needs and opportunities. The proposed elective goals for each of the performance categories discussed below are included in Appendix A.

i. Lending Performance Category

1. CD Lending Goals

Historically, banks have commonly included CD lending goals in their strategic plans.⁶⁰ Banks often express CD lending goals in terms of dollar amount; however, some banks have used other performance measures as the basis for a CD lending goal, such as a percentage of T1 capital or total assets allocated by deposits to each assessment area. The OCC understands that measurable goals expressed in terms of dollars provide banks with greater certainty while those expressed in terms of a percentage of T1 capital or total assets provide greater flexibility to adjust to future fluctuations in bank or economic conditions. Considering this background and the agency's supervisory experience, the OCC identified the proposed elective goals based on percentages, but the guidance also would provide options for convert those percentages into dollar amounts of CD lending.

Specifically, the OCC used a percentage of T1 capital or total assets as a starting point for the proposed CD lending elective goals. As noted above, use of these measures is consistent with approved strategic plans and the OCC's overall experience in evaluating community banks' CRA performance. In addition, use of these measures would adjust a community bank's elective goals as the value of these measures change over time, consistent with the regulatory requirement that banks specify annual interim measurable goals in multi-year strategic plans. However, an elective goal expressed as a

⁶⁰ Under the CRA regulation, a CD loan is defined as a loan that: (1) has as its primary purpose CD; and (2) except in the case of a wholesale or limited purpose bank: (i) has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless the loan is for a multifamily dwelling (as defined in §1003.2(n) of this title); and (ii) benefits the bank's assessment area(s) or a broader statewide or regional area(s) that includes the bank's assessment area(s). *See* 12 CFR 25.12(h) (Mar. 29, 2024).

percentage of T1 capital or total assets may not provide the level of certainty and predictability preferred by many community banks interested in the strategic plan option. Community banks would therefore have the option of converting the percentage-based elective goal into an annual dollar figure. Elective goals expressed as an annual dollar figure would be determined based on a target percentage of a bank's T1 capital or total assets as of December 31 of the previous year for (1) each year in the strategic plan term; (2) the first year of the strategic plan term and increased by 5 percent year-over-year for each subsequent year in the strategic plan term; or (3) the first year of the strategic plan term and increased by the annual change in Gross Domestic Product (GDP) as of December 31 of the previous year for each subsequent year in the strategic plan term.

A community bank would consider its circumstances to determine whether to convert a percentage-based CD lending goal into a dollar-based CD lending goal and, if applicable, the method of conversion and applicable growth rate. For example, a community bank that anticipates having stable levels of T1 capital or total assets may determine that a percentage-based CD lending goal offers sufficient certainty without the potential to inadvertently increase the bank's annual goals more than what is reasonable based on the bank's capacity and constraints. If that community bank nonetheless prefers the certainty of dollar-based goals, it could specify a dollar-based elective goal that would convert the percent of T1 capital or total assets to a dollar amount based on the value of the respective measure as of December 31 of the prior calendar year for each year in the strategic plan term. In contrast, a community bank that anticipates rapid asset growth may elect to use a dollar-based elective goal with a five percent annual growth rate, or a growth rate based on the annual change in GDP, as described above. Alternatively, a

community bank could develop a custom goal that scales the annual dollar-based goal based on an alternate methodology or uses a different performance measure as the basis for the goal. For example, a community bank that is uncertain of its potential future growth could develop a custom goal requiring the bank to meet the lesser of a dollar based goal based on percent of T1 capital as of December 31 of the previous year for the first year in the strategic plan term and a five percent annual growth rate or the actual percent of T1 capital as of December 31 of the strategic plan year.

The OCC is also proposing CD lending elective goals with a range of performance levels to account for the differences in community banks' circumstances and the ways a community bank may incorporate CD lending elective goals into proposed strategic plans. As noted above, under the OCC's current organizational structure, community banks are those with up to \$30 billion in assets.⁶¹ Therefore, outside of the strategic plan option, community banks would be evaluated under each of the otherwise applicable performance tests and standards depending on their size or type. For example, the OCC generally would evaluate a small community bank based only on its retail lending activities. This reflects community banks' varying circumstances, including that certain community banks will have greater capacity, and therefore, generally higher performance expectations than other community banks. Varying performance expectations based on banks' circumstances is consistent the OCC's experience with approved strategic plans and evaluation under the otherwise applicable performance tests and standards. Some approved strategic plans focus on CD lending, while others focus on different or additional performance categories. For the reasons discussed above, the OCC

⁶¹ See *supra* note 14.

specified several performance levels for the CD lending elective goals. A community bank would determine the performance level for its elective goals based on its performance context and the number and combination of measurable goals included in an assessment area and overall.

The OCC also considered that certain community banks, particularly banks that operate through online platforms with limited branch networks, have elected the strategic plan option to address challenges with being evaluated pursuant to the otherwise applicable performance tests and standards. For some of these banks, limited opportunities and high competition can make it difficult to identify a sufficient level of CD activities that benefit or serve the bank's assessment area. To address this issue, the proposed CD lending elective goals would include goals with performance measures for an assessment area coupled with performance measures for the broader statewide or regional area that includes the assessment area.⁶² The assessment area performance levels proposed for these CD lending elective goals would be lower than for the assessment area-only CD lending elective goals.

Questions:

5. Are there additional elective goals for CD lending and qualified investment that the OCC should consider including in the simplified strategic plan process? For example, should the OCC consider developing deposit-based goals?

⁶² In meeting goals in the broader statewide or regional area that includes a community bank's assessment area, the OCC would consider CD activities consistent with the guidance in Q&As §§ __.12(h)—6 and __.12(h)—7.

6. Are the proposed CD lending elective goals appropriately calibrated for community banks? Do they provide appropriate optionality for community banks with different sizes and business models while providing clarity and simplifying a community bank's strategic plan development?

7. Should the OCC consider adding to the elective goals other methods of scaling the goals on an annual basis, such as a bank's average annual asset growth?

8. Is it appropriate to increase the performance expectations for community banks' annual interim measurable goals over time? Are there circumstances under which goals should not increase?

2. Retail Lending Goals

In the OCC's experience, in addition to CD lending goals, some banks also include retail lending goals when addressing the lending performance category in their strategic plans.⁶³ The OCC considered its supervisory experience and assessed options for providing retail lending elective goals with identified measures similar to the percentages of T1 capital and total assets identified for the proposed CD lending goals. Based on these considerations, the OCC is proposing to include three types of retail lending elective goals. These elective goals would be a measure of a bank's loan portfolio comprised of originations or purchases to LMI borrowers or located in LMI geographies in a particular product line as compared to total originations or purchases based on (1) a percentage; (2) an aggregate dollar amount of loans; or (3) a specified number of loans.

⁶³ Under the CRA regulation, a retail lending goal would be a goal focused on home mortgage loans, small business loans, small farm loans, or one or more types of consumer loans (*i.e.*, motor vehicle loans, credit card loans, other secured consumer loans, or other unsecured consumer loans). *See* 12 CFR 25.22(a) (Mar. 29, 2024).

The OCC determined, however, that there is significant variation in banks' retail lending activities due to bank and community specific performance context factors. This variation presents challenges for identifying specific performance levels that are generally reflective of "Satisfactory" or "Outstanding" performance for community banks across assessment areas. Therefore, the proposed retail lending elective goals would be template-style goals with a variable that the community bank would populate. A community bank would determine whether to include one of the template-style retail lending elective goals and how to populate the variable included in the goal based on the bank's performance context.

In determining an appropriate performance level for a retail lending elective goal, a community bank could consider how the OCC assesses retail lending activities under the otherwise applicable performance tests and standards. For example, the OCC generally considers performance for the retail lending borrower and geographic distributions "Satisfactory" when a bank's percentage of lending for a particular product type is near to or below, but not well below, the relevant comparator for the assessment area and "Outstanding" when the percentage of lending equals or exceeds the demographic or peer comparator. However, the OCC determined that it may be challenging for a community bank to prospectively determine reasonable "Satisfactory" or "Outstanding" performance levels for retail lending performance measures (*i.e.*, percentage of an applicable retail loan portfolio, dollar amount of retail lending, or number of retail loans for a particular loan product) during the development of a strategic plan because the OCC does not assess a bank's performance in relation to relevant comparators until the OCC conducts its CRA examination. During a CRA examination, the OCC's assessment of a bank's retail

lending activities using the relevant comparators would consider performance context. In addition, some of the comparators that the OCC considers in assessing retail lending performance, such as the peer comparators, are lagging and a community bank would not know the applicable comparator value during the development of a proposed strategic plan. For these reasons, the OCC determined that it may be challenging for a community bank to try to use the OCC's CRA examination methods to determine reasonable values for the performance level variable in a retail lending elective goal. Therefore, a community bank could populate the performance level variable in a retail lending elective goal based on the bank's prior retail lending performance which would have considered the relevant comparators. For a community bank that does not have a recent CRA examination that considered retail lending activities, the bank could determine an appropriate performance level based on the performance of peer banks.

Generally, banks have specified product-specific retail lending goals. A community bank could choose to focus its retail lending goals on a primary product line or could specify measurable goals for multiple product lines. Therefore, the elective goals allow community banks to specify the applicable retail lending product or products as part of the performance measures.

In addition to the retail lending elective goals, a community bank could specify one or more retail lending custom goals. A community bank considering a retail lending custom goal could base the goal on the performance criteria in the otherwise applicable performance tests and standards, such as lending activity or loan-to-deposit ratio. In the OCC's supervisory experience, however, if a community bank were to specify a retail lending custom goal based on these performance criteria that goal generally would be

insufficient on its own. Instead, this type of retail lending custom goal generally would be included to support other measurable goals. For example, a small community bank that develops a proposed strategic plan focused on retail lending may choose to include a retail lending custom goal focused on lending activity to demonstrate that it is lending commensurate with its capacity and provide context for retail lending elective goals focused on lending to LMI individuals or geographies in a particular product line.

Custom goals could also be related to innovative, flexible, or responsive lending products, such as a goal for new loan originations in products tailored to meet the needs of LMI borrowers (*e.g.*, X number loans originated with down-payment assistance for first-time homebuyers, with an annual increase using the current number of loan originations as the starting point). Lastly, a custom retail lending goal could be designed to address the unique needs of a bank's assessment area, such as a retail lending goal targeting borrowers in distressed or underserved non-metropolitan middle-income geographies in an assessment area with no or few LMI census tracts or a goal targeting middle-income borrowers in high-cost areas.

For smaller retail community banks, a proposed strategic plan focused solely on one or more retail lending elective goals or custom goals may be sufficient for evaluating the bank's CRA performance (*i.e.*, the community bank would not specify measurable goals in other performance categories). Specifically, a strategic plan focused on retail lending activities would be consistent with the small bank performance standards. In this instance, the community bank would include in this proposed strategic plan one or more retail lending elective goals or custom goals for each assessment area covered by the proposed strategic plan. In addition, the community bank would address in its proposed

strategic plan the performance categories not included in the proposed strategic plan by explaining the performance context that supports the narrower focus.

Larger community banks could consider including one or more retail lending elective goals, or retail lending custom goals, along with measurable goals in other performance categories, as appropriate, based on the banks' circumstances. The OCC's supervisory experience indicates that when larger community banks that offer mortgage, small business, small farm, or consumer lending product lines specify retail lending goals, they do so alongside goals focused on other types of CRA-qualifying activities. Moreover, given the flexibility offered by the strategic plan option, a community bank would not be required to establish retail lending measurable goals if a different focus was more appropriate based on the bank's performance context.

Questions:

9. Should borrower and geographic retail lending elective goals include an undefined variable that a community bank would populate based on its performance context, as proposed, or should the OCC include the unadjusted near to/below percentage as a default starting point that banks could adjust based on performance context?

10. Are there any other retail lending goals that the OCC should include as elective goals?

ii. Investment Performance Category, including Combined Measurable Goals

In addition to the CD lending measurable goals discussed above, in the OCC's experience, proposed strategic plans usually include measurable goals for qualified investments. As with the lending performance category, the OCC considered measurable

goals for the investment performance category included in approved strategic plans and the otherwise applicable performance tests and standards to inform its determination of the qualified investment elective goals in this proposal. Based on this review, the OCC is proposing qualified investment elective goals that use the same performance measures and growth adjustment methods as the OCC used for the CD lending elective goals. However, the OCC's review of approved strategic plans and its experience in evaluating community banks' CRA performance resulted in the OCC proposing performance levels for certain qualified investment elective goals that are lower than the proposed CD lending elective goals due, for example, to frequent challenges smaller community banks experience competing for qualified investments.

During its review of approved strategic plans, the OCC also recognized that banks often use the flexibility provided by the strategic plan option to specify CD lending and qualified investment combined goals. These combined goals help banks manage their CRA programs by allowing the banks to determine what types of CRA-qualifying activities to engage in based on opportunities available during the strategic plan term. This flexibility may be particularly useful for banks in assessment areas with high competition or limited opportunities. As such, the elective goals include combined goals for CD lending and qualified investments.

The OCC also recognized that due to business strategy or market constraints, among other factors, certain community banks may want to focus on highly impactful activities, even if those activities have a lower relative dollar value. In evaluating banks' CRA performance, the responsiveness of a bank's CD activities is an important

consideration.⁶⁴ For that reason, the proposed elective goals also include goals that would have lower overall performance levels provided that 50 percent of the activity would be allocated to high impact activities, such as donations or complex or innovative investments.

Question:

11. Should the OCC consider including an elective goal based on the percentage of qualified investments that are highly impactful, such as grants or donations?

12. Are the proposed qualified investment elective goals and combined elective goals appropriately calibrated for community banks? Do they provide appropriate optionality for community banks with different sizes and business models while providing clarity and simplifying a community bank's strategic plan development?

iii. Services Performance Category

The third performance category that banks may specify measurable goals for in their strategic plans is services. The OCC considered the types of services-related measurable goals included in approved strategic plans and the criteria the OCC has used for evaluating retail banking and CD services under the otherwise applicable performance tests and standards, along with the guidance on CD service activities in the Q&As.

Based on this information, the OCC determined that the number of CD services hours per full-time employee per year is a common performance measure used for assessing banks' CD services performance. As such, the OCC included in the simplified

⁶⁴ See Q&A § __.21(a)—3.

strategic plan process a proposed elective goal based on this performance measure. The OCC notes that these proposed services elective goals are most appropriate for banks operating in assessment areas using a branch-based model. If a community bank's assessment area has a disproportionately large or small number of full-time employees, these proposed elective goals may not be appropriate for the bank. In those circumstances, a community bank could consider developing a CD services custom goal. For example, if a community bank has a large back-office facility in an assessment area that employs a significant number of full-time employees conducting functions that other banks may outsource, the community bank may consider a custom CD services goal based on hours per management employee. A CD services custom goal of this type would likely have a higher performance level than per employee elective goals. Alternatively, a bank with few employees may develop a CD services custom goal based, for example, on the number of beneficiaries of its CD services, as opposed to the hours per employee providing the services.

In addition to goals for CD services measured by volunteer hours, banks have included other services goals based on the number of new accounts opened that are tailored to the needs of LMI individuals. A bank could develop a services custom goal based on one of these activities. For guidance on the types of service activities that a community bank could use as the basis for a services custom goal, banks could consider the services listed in Q&A § __.26(c)(3) —1. These include (1) low-cost deposit accounts; (2) electronic benefit transfer accounts and point of sale terminal systems; (3) individual development accounts; (4) free or low-cost government, payroll, or other check cashing services; and (5) reasonably priced international remittance services. A

bank's custom goals for these types of activities could account for demographic factors and the bank's current provision of the service.⁶⁵

Question:

13. Should the OCC include other elective goals for services based on alternate measures in the simplified strategic plan process? If so, how should the OCC identify "Satisfactory" or "Outstanding" performance for those goals?

C. Strategic Plan Assessment and Rating

The OCC assesses the performance of a bank operating under an approved strategic plan to determine if it has met the measurable goals in its strategic plan. The CRA regulation provides that the OCC will rate a bank "Satisfactory" if it substantially achieves its plan goals for a "Satisfactory" rating.⁶⁶ The CRA regulation further provides that the OCC will rate a bank "Outstanding" if it exceeds its plan goals for a "Satisfactory" rating and substantially achieves its plan goals for an "Outstanding" rating.⁶⁷ A bank that does not substantially meet its "Satisfactory" goals in an assessment area would be rated "Needs to Improve" or "Substantial Noncompliance," depending on the extent to which it falls short of its plan goals, unless the bank elected to be evaluated under the otherwise applicable performance tests and standards.⁶⁸

In general, a bank would be considered to have substantially met its measurable goals if the bank meets most of the goals specified in its strategic plan in most of its

⁶⁵ Depending on the size of the community bank, a services custom goal focused on one of these types of activities may be considered a CD services or retail services custom goal. *See* Q&A § __.26(c)(3)—1.

⁶⁶ *See* 12 CFR part 25, Appendix A, paragraph (e) (Mar. 29, 2024).

⁶⁷ *See id.*

⁶⁸ *See id.*

assessment areas, considering (1) the extent to which the bank did not meet individual goals; (2) the importance of those goals to the plan as a whole; and (3) any performance context factors explaining why a particular goal was not met. The OCC generally considers a “Needs to Improve” rating for a bank that substantially meets some measurable goals in most assessment areas. A community bank that more significantly underperforms its measurable goals or fails to substantially meet its goals two evaluation periods in a row may receive a rating of “Substantial Noncompliance.” As provided in the CRA regulation, a community bank could also elect evaluation under the otherwise applicable performance tests and standards if its “Satisfactory” goals were not substantially met.⁶⁹ If this substitute election is not made in the community bank’s strategic plan, the OCC would evaluate the bank only under the measurable goals provided in the strategic plan.

For community banks with multiple measurable goals or assessment areas, the OCC is also considering including in the Simplified Strategic Plan Form fields that would allow a community bank to specify how its performance with respect to its measurable goals and in its assessment areas would be weighted to determine if the bank has substantially met or exceeded the “Satisfactory” goals in its strategic plan. This weighting could be based, for example, on the bank’s deposit market share, lending market share, or a combination of the two. Weighting could also account for assessment area needs and opportunities. Providing this option would increase predictability for community banks by establishing in the plan how the OCC would determine if a bank substantially met is

⁶⁹ See 12 CFR 25.27(f)(4) (Mar. 29, 2024).

measurable goals. Further, it would be consistent with certain previously approved strategic plans.

Question:

14. Should the OCC include the option for banks to specify a methodology for weighting measurable goals included in the proposed strategic plan? If so, should the Simplified Strategic Plan Form, discussed below, provide options for weighting methodologies? What methodologies should the OCC consider?

D. Simplified Strategic Plan Process

In addition to providing clearer guidance on the development of a proposed strategic plan, the simplified strategic plan process would provide community banks with a streamlined process for drafting proposed strategic plans and submitting those plans to the OCC for approval. This proposed simplified strategic plan process would reduce the complexity involved in developing a proposed strategic plan by improving transparency and leveraging tools and technology, as appropriate.

First, the OCC would implement process improvements to the strategic plan consultation process to formalize its existing practice of engaging in more detailed strategic plan consultations. Next, the OCC would provide community banks with the Simplified Strategic Plan Form to clarify the information a community bank must include in its proposed strategic plan to comply with the CRA regulation.⁷⁰ As a result, the simplified strategic plan process would help limit the instances in which a community bank unnecessarily expends resources by gathering and including information in a

⁷⁰ Appendix B includes an outline of the proposed components of the Simplified Strategic Plan Form. in.

proposed strategic plan that the OCC does not need for purposes of evaluating the merits of the plan. The combination of improved written guidance, tools, and procedures for developing and requesting approval of a proposed strategic plan would result in a simplified process requiring fewer bank resources during plan development, and a more predictable evaluation framework once the OCC approves a community bank's proposed strategic plan.

i. Simplified Strategic Plan Process Consultation

As provided in the current guidance, including the Q&As, a community bank may consult the OCC during the development of a proposed strategic plan. The OCC has engaged in strategic plan consultations since first introducing the strategic plan option in the 1995 CRA Regulation; however, the current consultation process envisions a high-level interaction where the OCC would only provide guidance on the procedures and information necessary to ensure a complete submission.⁷¹ The current guidance on strategic plan consultations states that the OCC does not provide guidance on the adequacy of the proposed strategic plan or the merits of the measurable goals.⁷²

As discussed above, the OCC has learned over time that the high-level consultation process envisioned in the guidance does not provide many banks with sufficient direction to develop a proposed strategic plan that meets the requirements of the regulation without undue burden. For this reason, and at banks' request, the OCC has

⁷¹ See Q&A § __.27(f)(1)—1; OCC Bulletin 2019-39, *supra* note 43.

⁷² See *id.*

in practice reviewed draft strategic plans as part of this consultation, including with respect to proposed measurable goals.

Although optional, in the OCC's experience, the consultation process is one factor that has contributed significantly to the protracted timeframe and burden associated with developing and obtaining approval of a strategic plan, and to banks deciding not to pursue the strategic plan option in the first instance. To address these deficiencies, the OCC would improve the consultation process by clarifying that the agency would provide a community bank with timely, initial feedback on the adequacy of its proposed strategic plan and the merits of the proposed measurable goals considering the bank's performance context. This feedback would not constitute OCC approval of a strategic plan. The OCC would approve a proposed strategic plan submitted using the simplified strategic plan process after considering the regulatory criteria for evaluating a proposed strategic plan that has complied with the required public comment process.

Under the simplified strategic plan process, the OCC's consultation process would include providing guidance to a community bank on the measurable goals it intends to specify in its proposed strategic plan. As discussed above, however, the elective goals are not safe harbors and community banks would still need to consider the appropriate number, combination, represented performance categories, and appropriate performance levels of elective goals, and custom goals, for each assessment area included in the strategic plan and based on the bank's performance context. The purpose of the consultation would be to help the community bank understand the requirements of the regulation, what information is responsive to those regulatory requirements, how to consider performance context in selecting and supporting elective goals or developing

custom goals, and how the OCC applies the regulation's criteria for evaluating a strategic plan once a plan is submitted for approval following the public comment process.

In the OCC's experience, the consultation process is an informal opportunity for a community bank to engage with the OCC; the extent and length of a consultation is dictated by the bank and is only necessary if it benefits the bank. The OCC expects that the more detailed written guidance provided as part of the proposed simplified strategic plan process, including clarifications related to the required content of a proposed strategic plan, along with a more streamlined process for drafting and submitting the plan to the OCC, will focus and shorten these strategic plan consultations. For example, a community bank that primarily selects elective goals would likely engage in a relatively short consultation process. However, a community bank that specifies more custom goals may need a more extensive consultation to help determine if the performance measures and performance levels in the custom goals are appropriate and fully supported.

ii. Simplified Strategic Plan Form

The proposed simplified strategic plan process would further reduce burden by introducing the Simplified Strategic Plan Form, which would remove some of the subjectivity associated with the development of a strategic plan. Under the current process, banks that wish to use the strategic plan option need to draft fully custom strategic plans with little guidance on the necessary content, reasonableness of measurable goals, design, or level of detail necessary for a complete proposed plan.

The OCC understands from comments provided in other contexts⁷³ that the considerable resources currently required to develop a proposed strategic plan have deterred banks from electing the strategic plan option. The OCC anticipates that changing the method community banks may use to submit proposed strategic plans to the OCC would substantially improve the quality of proposed strategic plans while diminishing the need to revise these plans to ensure completeness. In particular, the Simplified Strategic Plan Form would contain fields for all of the information required in a strategic plan under the CRA regulation, including measurable goals, relevant performance context, public participation documentation, proposed effective date, substitute election of evaluation under the otherwise applicable performance tests and standards, and assessment areas covered by the plan. Presuming a bank completes all fields that address CRA regulatory requirements with responsive information, the OCC would expect that submitted proposed strategic plans would be complete. In limited circumstances, the OCC may require a community bank to submit additional information not required by the Simplified Strategic Plan Form that the OCC deems necessary to make a determination on the strategic plan.

The OCC is also considering using technology, where possible, to simplify the strategic plan approval request process. Specifically, the OCC is considering options for community banks to submit a completed Simplified Strategic Plan Form electronically via email or through Banknet. If the OCC decides to utilize Banknet for submission of the Simplified Strategic Plan Form, the OCC would provide community banks that do not

⁷³ See *supra* Section I.B. (Overview of Feedback on CRA-Related Regulatory Burden and the Strategic Plan Option).

have Banknet with the opportunity to submit the form by email using the subject line “CRA Simplified Strategic Plan Form.”

The OCC is also considering different potential formats for developing the Simplified Strategic Plan Form. The OCC is considering the following options: (1) a fillable Portable Document Format (PDF) and (2) an interactive web-based form. In considering the merits of these options, the OCC is weighing the tradeoff between providing more immediate but less sophisticated improvements through the PDF option compared with the more sophisticated and dynamic web-based option, which would require a longer implementation time horizon. While the OCC could implement the less sophisticated PDF option quickly, converting information in a fillable PDF form into a proposed strategic plan would require a manual process on the part of the OCC or the community bank. In contrast, the more sophisticated web-based option could leverage technology to convert the contents of the form into a proposed strategic plan. To balance these considerations, the OCC could take a combined approach and implement the simplified strategic plan process through the less sophisticated PDF option first and later replace it with the more sophisticated and agile web-based option.

The OCC is also considering ways to streamline the development of subsequent strategic plans once the term of a community bank’s strategic plan ends. One option would be to allow a bank that previously received approval for a strategic plan using the simplified strategic plan process to prepopulate the Simplified Strategic Plan Form with the contents of its prior strategic plan and then modify the prepopulated information, as appropriate. The viability of this option would depend on the format used for implementing the Simplified Strategic Plan Form.

Included in appendix B to this SUPPLEMENTARY INFORMATION is an outline of the potential fields that would be included in the Simplified Strategic Plan Form.

Questions:

15. Does the outline of the potential fields for the Simplified Strategic Plan Form appropriately reflect the components of a proposed strategic plan? Are any additions or modifications necessary?

16. Should the OCC prioritize providing more immediate or more sophisticated implementation?

17. If the OCC implements the guidance using a fillable PDF form, should the OCC also develop a template for converting the information in the form into a strategic plan?

18. Would prepopulating the Simplified Strategic Plan Form with the information contained in previously approved plans help to further simplify the strategic plan process in the future?

iii. Proposed Strategic Plan Receipt and Acknowledgement

After completing both the Simplified Strategic Plan Form and the required public engagement, a community bank would submit its proposed strategic plan to the OCC for approval. Upon receipt of a Simplified Strategic Plan Form, the OCC would review the plan, and if complete, send an acknowledgment of receipt to the bank. The OCC would deem a request complete if the bank has populated all required fields of the Simplified

Strategic Plan Form with responsive information, including any necessary supporting documentation.⁷⁴ For incomplete proposed strategic plans, the OCC would request that the community bank complete the necessary fields on the Simplified Strategic Plan Form and resubmit the form to the OCC. A community bank should expeditiously communicate material changes to information initially furnished in the Simplified Strategic Plan Form to the OCC during the processing of a community bank's request for approval. The OCC would determine whether to approve a proposed strategic plan by considering the information provided by the community bank in the Simplified Strategic Plan Form. This evaluation would consider whether to approve the elective goals or custom goals, as applicable, based on the criteria provided in the CRA regulation. As necessary, the OCC may consider information regarding a community bank's performance context that was not provided by the bank in the Simplified Strategic Plan Form.

iv. Strategic Plan Regulatory Requirements and Case-Specific Waiver Requests

As noted above, in addition to measurable goals, the strategic plan option includes certain other regulatory requirements. These include requirements related to: (1) the proposed effective date; (2) data reporting; (3) public engagement; (4) substitute election of evaluation under the otherwise applicable performance tests and standards; and (5) plan amendment. The simplified strategic plan process would incorporate these

⁷⁴ Under the simplified strategic plan process, the OCC would streamline the information that community banks provide to document their compliance with the strategic plan provision where possible. For example, a community bank using the simplified strategic plan process would certify its compliance with the public participation requirements of the strategic plan provision but would not be required to submit the notices used for compliance. The OCC may validate compliance with the newspaper publication requirements in the course of reviewing a proposed strategic plan, as appropriate.

requirements and any other necessary information into the Simplified Strategic Plan Form. As discussed above, the OCC is also considering providing fields in the Simplified Strategic Plan Form that would allow the bank to specify how performance would be weighted in and across its assessment areas to determine if the bank has substantially met or exceeded its “Satisfactory” or “Outstanding” goals, as applicable.

The simplified strategic plan process would provide guidance on the regulatory requirements that is generally consistent with the existing guidelines in OCC Bulletin 2019-39, with one notable difference. Specifically, the simplified strategic plan process would modify the information required to document a community bank’s compliance with the CRA regulation’s public participation requirements to require a certification of compliance rather than documentation of newspaper publication. In addition, the OCC has recognized during its past review and approval of strategic plans that there may be instances where it would be reasonable to waive certain regulatory requirements on a case-by-case basis.

1. Case-by-Case Waiver of Certain Regulatory Requirements

The OCC has determined that, in certain instances, it may be appropriate to waive the strategic plan provision’s proposed effective date requirement or certain data requirements based on a community bank’s particular facts and circumstances. For the remaining regulatory requirements, the OCC has determined that waiver generally would not be inappropriate.

Under the simplified strategic plan process, on a case-by-case basis, the OCC would consider waiving the requirement that a community bank submit its proposed

strategic plan to the OCC for approval at least three months prior to the proposed effective date⁷⁵ if a strategic plan has been deemed complete and the OCC would have sufficient time to review and opine on the plan. Based on the OCC's experience, it may be appropriate to waive the proposed effective date requirement if it would allow the bank to: (1) align the effective date of its strategic plan with the beginning of a performance year (*i.e.*, a January 1st effective date); (2) avoid a gap between approved strategic plan terms; or (3) address other circumstances deemed relevant by the OCC. The OCC has also determined that it may be appropriate to waive certain of the CRA regulation's data reporting requirements⁷⁶ on a case-by-case basis if those data are not necessary for evaluating the measurable goals included in a community bank's proposed strategic plan. For example, the OCC may consider waiving the small business and small farm data collection and reporting requirements if a community bank has not included a retail lending goal in its strategic plan. The OCC notes, however, that it generally would be inappropriate for a community bank to develop a strategic plan that does not include measurable goals for lending products that are integral to the bank's business strategy in order to seek waiver of the associated data requirements.

The OCC believes that waiver may be appropriate, on a case-by-case basis, when: (1) a regulatory requirement is for the benefit of the OCC (*e.g.*, the three month lead time for the proposed effective date provides time for the OCC to review a proposed strategic plan) and (2) waiving the requirement would have minimal impact on the OCC's ability

⁷⁵ Under the CRA regulation, a bank is not evaluated under a strategic plan until the bank has been operating under an approved and effective strategic plan for at least one year. *See* 12 CFR 25.27(a) (Mar. 29, 2024).

⁷⁶ The strategic plan provision provides that electing the strategic plan option does not affect a bank's or savings association's obligation, if any, to report data as required under the CRA regulation.

to evaluate the bank pursuant to the strategic plan, if approved. For example, a waiver would have minimal impact on the OCC's ability to evaluate a bank pursuant to a proposed strategic plan if the data that the bank was exempted from collecting and reporting would not be considered in evaluating the bank's measurable goals or the bank's performance under the otherwise applicable performance tests and standards for a bank that chose the substitute election. If the OCC were to decide to grant a waiver, the OCC would communicate that decision to the community bank in writing. The OCC believes it is appropriate to consider case-specific waivers to minimize the impact of regulatory requirements that impose unnecessary burden on community banks.

2. Compliance with Public Participation Requirements

Under the simplified strategic plan process, community banks would continue to be required to comply with the public participation requirements.⁷⁷ In determining whether to approve a proposed strategic plan, the OCC will consider any public comments and how the community bank addressed those comments. Obtaining information from the public when developing a strategic plan helps to provide a community bank with information related to the lending, investment, and service needs of its community and the opportunities available to meet those needs.

⁷⁷ The strategic plan option includes two public participation requirements. First, a bank must seek informal suggestions from members of the public in its assessment areas covered by the plan while developing the plan and describe its efforts to seek suggestions in its proposed strategic plan. *See* 12 CFR 25.27(d)(1) and (e) (Mar. 29, 2024). Second, a bank must: (1) formally solicit public comment on the plan for at least 30 days by publishing notice in at least one newspaper of general circulation in each assessment area covered by the plan and (2) submit with its proposed strategic plan any written public comment received, and, if the plan was revised in light of the comment received, the initial plan as released for public comment. *See* 12 CFR 25.27(d)(2) and (e) (Mar. 29, 2024).

Compliance with the strategic plan provision's public participation requirements is important to the OCC's decision on a strategic plan. To facilitate this public engagement, the Simplified Strategic Plan Form would be completed in two stages. The first stage would generate a draft plan for use in soliciting public comment in the required newspapers of general circulation. At the end of the comment period, the community bank would complete the second stage of the Simplified Strategic Plan Form by revising the plan as appropriate and completing the certification of compliance with the public comment process, which would include providing a list of the newspapers that published the plan for comment and the dates of publication. The community bank would then submit the proposed strategic plan to the OCC for approval.

v. OCC Strategic Plan Review and Approval

In evaluating a community bank's proposed strategic plan, the OCC would apply the evaluation criteria provided in the regulation.⁷⁸ The strategic plan provision requires the OCC to act on a plan within 60 days of receiving a complete plan or else the plan is deemed approved.⁷⁹ When possible, the OCC would aim to act within 45 days of receiving a complete strategic plan, provided there are at least 45 days before the plan's proposed effective date.

E. Existing Guidance

The guidance and process changes included in the simplified strategic plan process would supplement the OCC's existing guidance on the strategic plan process

⁷⁸ 12 CFR 25.27(g)(3) (Mar. 29, 2024).

⁷⁹ 12 CFR 25.27(g)(1) (Mar. 29, 2024).

contained in OCC Bulletin 2019-39, as applicable. Community banks may continue to develop strategic plans using the guidance in OCC Bulletin 2019-39 or may elect to use the proposed simplified strategic plan process.

III. Request for Comment

The OCC invites comment on all aspects of the proposed simplified strategic plan process for community banks. In addition, the OCC specifically request commenters' views on the questions included in this SUPPLEMENTARY INFORMATION.

IV. Regulatory Analysis

Paperwork Reduction Act

This supplemental proposed guidance (proposed guidance) has been reviewed for compliance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501 *et seq.*). In accordance with the PRA, the OCC may not conduct or sponsor, and an organization is not required to respond to, an information collection unless the information collection displays a currently valid Office of Management and Budget (OMB) control number. The OCC has reviewed the proposed guidance and has determined that certain aspects of the proposed guidance constitute a collection of information and is therefore revising its information collection titled Community Reinvestment Act. The OMB control number for the information collection is 1557-0357. The OCC is proposing to extend the information collection for three years, with revision.

Description: Under the current CRA regulation, any bank may elect to have the OCC assess its CRA performance under an approved strategic plan. The strategic plan provision requires a bank seeking to use the strategic plan option to develop its plan in

consultation with members of the public, publish the plan for public comment, and include in the plan annual interim measurable goals. The strategic plan provision further provides the regulatory requirements that a bank must comply with when electing the strategic plan option and the OCC's criteria for evaluating a strategic plan.

The proposed guidance would make the strategic plan option more accessible and less burdensome for community banks to implement and does not impose any new requirements on community banks. The proposed simplified strategic plan process would serve as an optional resource for community banks that clarifies the requirements of the strategic plan option and streamlines the development and submission of a proposed strategic plan.

The reporting requirements in the proposed guidance are as follows:

Simplified Strategic Plan Form

Under the proposed guidance, the OCC would provide community banks with a Simplified Strategic Plan Form to clarify the information that a community bank must include in its proposed strategic plan in order to comply with the CRA regulation. The Simplified Strategic Plan Form would include fields for all information required for a strategic plan under the CRA regulation, including measurable goals, relevant performance context, public participation documentation, proposed effective date, substitute election of evaluation under the otherwise applicable performance tests and standards, and assessment areas covered by the plan.

Presuming a bank completes all fields that address CRA regulatory requirements with responsive information, the OCC expects that submitted proposed strategic plans would be complete. In limited circumstances, the OCC may require a community bank to

submit additional information not required by the Simplified Strategic Plan Form to disposition the merits of the strategic plan.

Annual Interim Measurable Goals

The current CRA regulation provides that a bank's strategic plan must specify annual interim measurable goals that constitute "Satisfactory" performance for each assessment area covered by the plan. These goals must address all three performance categories and, if a bank is not designated as a wholesale or limited purpose bank, must emphasize lending and lending-related activities. The proposed guidance provides that a community bank should include in its proposed strategic plan lending, investment, and services measurable goals, as appropriate. Under the proposed guidance a community bank would also have the option to emphasize qualified investments or service activities, if appropriate. To determine the appropriate performance categories to specify measurable goals for and which to emphasize in its proposed strategic plan, a community bank would consider the credit needs of its community, public comments, and its performance context, particularly the bank's capacity and constraints, business strategy, and product offerings.

Community banks' proposed strategic plans would also need to provide performance context addressing performance categories for which the banks did not specify a measurable goal. Using the simplified strategic plan process, a community bank would specify "Satisfactory" elective goals or custom goals for each performance category, as appropriate, in its proposed strategic plan for each year and assessment area included in the plan. In addition to "Satisfactory" measurable goals, a community bank's

proposed strategic plan may also specify measurable goals that constitute an “Outstanding” level of performance. Community banks also have the option to specify “Outstanding” custom goals. The proposed guidance offers that a community bank should consider community needs and its performance context (e.g., its capacity and constraints, business strategy, and product offerings) when specifying elective or custom goals in its proposed strategic plan.

Plan Amendment

A bank may request approval of an amendment to an approved strategic plan if there is a material change in circumstances (e.g., a downturn in the economic environment, a shift in the bank's business strategy, or entrance into or exit from one or more assessment areas). Public participation is required in the development of an amendment to a previously approved strategic plan. To request approval by the OCC of a strategic plan amendment, a bank should submit the amendment portion of the Simplified Strategic Plan Form.

Type of Review: Regular.

Affected Public: Businesses or other for-profit.

Respondents: National banks, Federal savings associations, Federal branches and agencies.

Estimated Burden

Source and Type of Burden	Description	Estimated Number of Respondents	Frequency of Response	Average Estimated Time per Response	Total Estimated Annual Burden
Reporting					
§§ __.41 and __.42(g)	<i>Assessment area delineation.</i>	173	1	2	346
§ __.42(b)(1)	<i>Loan data: Small business and small farm.</i>	173	1	8	1,384
§ __.42(b)(2)	<i>Loan data: Community development.</i>	173	1	13	2,249
§ __.42(b)(3)	<i>Loan data: Home mortgage loans.</i>	173	1	253	43,769
Optional Reporting					
§ __.25(b)	<i>Request for designation as a wholesale bank or a limited purpose bank.</i>	19	1	4	76
§ __.27	<i>Strategic plan: Banks other than community banks currently operating under an approved strategic plan.</i>	4	1	275	1,100

Source and Type of Burden	Description	Estimated Number of Respondents	Frequency of Response	Average Estimated Time per Response	Total Estimated Annual Burden
	<i>Simplified strategic plan form. (New)</i> <i>Annual interim measurable goals- Provide relevant performance context and measurable goals (elective or custom). (New)</i> <i>Plan amendment-submit the amendment portion of the simplified strategic plan form. (New)</i>	50	1	100	5,000
§ __.42(d)	<i>Data on affiliate lending.</i>	25	1	38	950
§ __.42(e)	<i>Data on lending by a consortium or a third party.</i>	16	1	17	272
§ __.42(f)	<i>Small banks electing evaluation under the lending, investment, and service tests</i>	Covered by	Burden in	§§ 25.42(a) & (b)	
Recordkeeping					
§ __.42(a)	<i>Loan information required to be collected and maintained -</i>	173	1	219	37,887

Source and Type of Burden	Description	Estimated Number of Respondents	Frequency of Response	Average Estimated Time per Response	Total Estimated Annual Burden
	<i>small business and small farm loan register.</i>				
Optional Recordkeeping					
§ __.42(c)(1)	<i>Optional data collection and maintenance-Consumer loans data.</i>	22	1	326	7,172
§ __.42(c)(2)	<i>Optional data collection and maintenance-Other loan data.</i>	25	1	25	625
Disclosure					
§§ __.43 and __.44	<i>Content and availability of public file and public notice.</i>	889	1	10	8,890
Total Estimated Annual Burden					109,720

Comments are invited on:

- (a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;
- (b) The accuracy of the OCC's estimate of the burden of the collection of information;
- (c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

V. Text of the Proposed Community Reinvestment Act Simplified Strategic Plan Process for Community Banks

A. Summary

The Office of the Comptroller of the Currency (OCC) is issuing this guidance to inform national banks, Federal savings associations, and Federal branches of foreign banking organizations (collectively, banks) about supplemental guidance applicable to community banks⁸⁰ that are interested in electing to have the OCC assess their Community Reinvestment Act (CRA) performance under a strategic plan (strategic plan option).⁸¹ Under the CRA regulation, any bank may elect to have the OCC assess its CRA performance under an approved strategic plan. The strategic plan option enables a bank to tailor its CRA examination based on the needs of its community and its ability to help address those needs based on its capacity and constraints, product offerings, and business strategy. The CRA regulation's strategic plan provision requires a bank seeking to use the strategic plan option to develop its plan in consultation with members of the public, publish the plan for public comment, and include in the plan annual interim measurable goals. The strategic plan provision provides the: (1) regulatory requirements

⁸⁰ OCC News Release 2025-89 identifies "community banks" as banks with up to \$30 billion in assets.

⁸¹ 12 CFR 25.27 (Mar. 29, 2024).

that a bank must comply with when electing the strategic plan option and (2) OCC's criteria for evaluating a strategic plan.

This guidance supplements the guidelines for requesting approval of a strategic plan included in OCC Bulletin 2019-39, “Community Reinvestment Act: Guidelines for Requesting Approval of a Strategic Plan.” This supplemental guidance helps clarify the OCC’s implementation of the CRA regulation’s strategic plan provision for community banks by outlining a simplified strategic plan process and providing additional guidance on the development of a proposed strategic plan for those banks. This supplemental guidance includes:

- A Simplified Strategic Plan Form used to provide the OCC with
 - Annual interim measurable goals for each assessment area included in the proposed strategic plan; and
 - Other information related to the bank’s proposed strategic plan.
- The OCC's simplified strategic plan process and additional strategic plan guidance for community banks.

This supplemental guidance is designed to make the strategic plan option more accessible to and less burdensome for community banks. This guidance does not impose any new requirements on community banks. The simplified strategic plan process is an optional resource for community banks that clarifies the requirements of the strategic plan option and streamlines the development and submission of a proposed strategic plan. Any bank interested in the strategic plan option may continue to follow the guidelines provided in OCC Bulletin 2019-39.

B. Simplified Strategic Plan Process – Plan Development

Measurable Goals

The CRA regulation provides that a bank’s strategic plan must specify annual interim measurable goals that constitute “Satisfactory” performance for each assessment area covered by the plan.⁸² Generally, these goals must address all three performance categories and, unless the bank has been designated as a wholesale or limited purpose bank, must emphasize lending and lending-related activities.⁸³ However, the CRA regulation also states that a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of a bank’s assessment areas, considering public comment and the bank’s capacity and constraints, product offerings, and business strategy.⁸⁴

Consistent with the CRA regulation, a community bank should include in its proposed strategic plan lending, investment, and services measurable goals, as appropriate. A bank has great flexibility to fashion its proposed strategic plan within those parameters and would not be required to specify measurable goals in all three performance categories. Although the CRA regulation provides that a bank generally should emphasize lending and lending-related activities, a community bank would have the option to emphasize qualified investments or service activities, if appropriate. A bank would consider the credit needs of its community, public comments, and its performance context—in particular the bank’s capacity and constraints, business strategy, and product

⁸² See 12 CFR 25.27(f)(1) (Mar. 29, 2024).

⁸³ See *id.*

⁸⁴ See *id.*

offerings—to determine the appropriate performance categories for which to specify measurable goals and emphasize in its proposed strategic plan.⁸⁵ The bank would also provide in its proposed strategic plan performance context addressing performance categories for which the bank did not specify a measurable goal.

The OCC has determined that the “Satisfactory” measurable goals⁸⁶ provided in the Simplified Strategic Plan Form (*hereinafter*, elective goals) generally are consistent with the OCC’s supervisory expectations for what constitutes a “Satisfactory” performance level for community banks, as discussed below. In addition to the elective goals, community banks also may request approval for “Satisfactory” custom goals. In developing a proposed strategic plan using the simplified strategic plan process, for each year and assessment area included in the plan, a community bank would specify “Satisfactory” elective goals or custom goals for each performance category, as appropriate.

In addition to “Satisfactory” measurable goals, the CRA regulation provides that a bank’s strategic plan may specify measurable goals that constitute an “Outstanding” level of performance.⁸⁷ The Simplified Strategic Plan Form also includes elective goals that generally are consistent with the OCC’s supervisory expectations for what constitutes “Outstanding” performance for community banks, as discussed below. In addition, community banks have the option to specify “Outstanding” custom goals.

⁸⁵ This explanation of the CRA strategic plan provision is consistent with the explanation provided in the 1994 CRA proposal preceding the 1995 CRA regulation, which is substantively similar in relevant part to the CRA strategic plan provision that was ultimately included in the CRA regulation. *See* 59 FR 51232, 51242-51243 (Oct. 7, 1994); *see also* 12 CFR 25.27(f) (Mar. 29, 2024).

⁸⁶ The OCC will assess whether a community bank has met the measurable goals in its strategic plan based on available data or other data obtained during the examination as provided in the plan.

⁸⁷ *See* 12 CFR 25.27(f)(3) (Mar. 29, 2024)

The OCC based the “Satisfactory” and “Outstanding” elective goals on its supervisory experience. The elective goals reflect the performance measures and related performance levels for a community bank that the OCC determined may reflect “Satisfactory” or “Outstanding” performance individually or in combination with other measurable goals, depending on the circumstances. The elective goals, however, are not safe harbors and their use would not guarantee approval of a strategic plan.⁸⁸ In specifying elective goals or custom goals in a proposed strategic plan, a community bank should consider community needs and its performance context (*e.g.*, its capacity and constraints, business strategy, and product offerings).⁸⁹

A community bank’s performance context informs which measurable goals are appropriate for the bank overall or for an assessment area, including the number, combination, represented performance categories, and appropriate performance levels for those goals. Because the strategic plan option provides community banks with significant flexibility to tailor their CRA examination, the measurable goals will likely vary even when comparing two similarly situated banks. Based on the OCC’s supervisory experience, community banks may choose different variations of goals with different performance levels to tailor their CRA examinations based on the circumstances. Therefore, the elective goals include performance measures with several options for performance levels. Community banks also have the option to specify custom goals to use in combination with, or instead of, the elective goals. The appropriate performance levels for a community bank’s measurable goals would depend on the goals selected and

⁸⁸ The OCC’s approval of a strategic plan would be provided only after the community bank were to undertake the required public engagement and adjust the proposed strategic plan to address public comments, as appropriate.

⁸⁹ See 12 CFR 25.27(f)(1) (Mar. 29, 2024).

the bank’s performance context. The Simplified Strategic Plan Form, discussed below, includes guidance that provides examples of when an elective goal may be appropriate for a community bank.

For example, a community bank operating in an assessment area with extremely high competition for CD loans and qualified investments, may select an elective goal with a lower “Satisfactory” performance level for the assessment area, and a related “Satisfactory” performance level for the broader statewide or regional area that includes the assessment area. However, in an assessment area with less competition, a bank may select a higher “Satisfactory” elective goal and include consideration of CRA-qualifying activities in the broader state-wide regional area in an “Outstanding” custom goal. In another example, a smaller community bank that is unable to compete for large, complex investments may opt for an elective goal focused on a lower volume of highly impactful qualified investments, such as grants and donations. Further, it may be appropriate for a small community bank that would otherwise be evaluated solely based on the small bank lending test (*i.e.*, the community bank is a small bank that does not meet the definition of intermediate small bank) to specify elective goals related only to retail lending.

Public Participation Requirements

Under the simplified strategic plan process, community banks must comply with the public participation requirements of the CRA strategic plan provision.⁹⁰ To comply with the public participation requirements, a community bank would complete the

⁹⁰ See 12 CFR 25.27(d) (Mar. 29, 2024). A bank may comply with the requirement to make copies of its proposed strategic plan available for review by the public at its offices during the period of formal public comment by making a digital copy available for review. Unless a bank receives a request for a hardcopy of its proposed strategic plan, the bank may satisfy the requirement to provide a copy of the plan upon request by providing a downloadable digital version of its proposed strategic plan on its website.

Simplified Strategic Plan Form in two stages. A bank would complete the first stage of the form to develop a draft strategic plan for use in the public comment process. Following the public comment process, the community bank would complete the second stage of the Simplified Strategic Plan Form, which includes fields for certifying compliance with public participation requirements.

Evaluating Performance

The OCC will rate a bank's CRA performance "Satisfactory" if the bank substantially achieves its "Satisfactory" plan goals.⁹¹ In general, a community bank would be considered to have substantially met its "Satisfactory" goals if the bank meets most of its measurable goals in most of its assessment areas, considering the importance of those goals to the strategic plan as a whole, and performance context factors explain the bank's failure to meet particular goals. The OCC would rate a bank "Outstanding" if it exceeds its plan goals for a "Satisfactory" rating and substantially achieves its plan goals for an "Outstanding" rating.⁹² A bank that does not substantially meet its "Satisfactory" goals in an assessment area, would be assigned a "Needs to Improve" or "Substantial Noncompliance" rating, as appropriate.⁹³ The OCC generally considers a "Needs to Improve" rating for a bank that substantially meets some measurable goals in most assessment areas. A community bank that under performs its measurable goals to a greater extent or fails to substantially meet its goals two evaluation periods in a row would generally receive a rating of "Substantial Noncompliance." A community bank may designate in the Simplified Strategic Plan Form a weighting methodology that would

⁹¹ See 12 CFR part 25, appendix A, paragraph (e) (Mar. 29, 2024).

⁹² See *id.*

⁹³ See *id.*

address how the OCC would determine if the bank had substantially met its goals for a “Satisfactory” or “Outstanding” rating.

The Simplified Strategic Plan Form would also permit a community bank to elect evaluation under the otherwise applicable performance tests and standards if it fails to substantially meet its strategic plan's measurable goals for a “Satisfactory” rating.⁹⁴ If a community bank does not make this election, the OCC will evaluate the bank’s CRA performance solely based on the measurable goals provided in the strategic plan.

Preparation and Submission of a Strategic Plan

Before a community bank submits a proposed strategic plan to the OCC for approval, bank management is encouraged to contact the bank's supervisory office to request a consultation with OCC staff. The supervisory office schedules a consultation that generally includes staff from the supervisory office and other OCC offices. The purpose of the consultation would be to help the bank understand the requirements of the regulation, what information is responsive to those regulatory requirements, how to think about performance context in selecting and supporting elective goals or developing custom goals, and how the OCC applies the CRA regulation’s criteria for evaluating a strategic plan once submitted to the OCC for approval following the public comment process.

During this consultation, the OCC would provide a community bank with preliminary feedback on the adequacy of its proposed strategic plan and the merits of the proposed measurable goals considering the bank’s performance context. This feedback

⁹⁴ See 12 CFR 25.27(f)(4) (Mar. 29, 2024).

would not constitute OCC approval of a strategic plan. The OCC would evaluate whether to approve a proposed strategic plan by considering the regulatory criteria for evaluating a strategic plan submitted to the agency for approval following the public comment process.

Upon receipt of a complete Simplified Strategic Plan Form, the OCC will send an acknowledgment of receipt to the community bank. The OCC will deem a request for approval of a strategic plan complete if the bank has provided responsive information for all the fields on the Simplified Strategic Plan Form that provide information required by the regulation and attached any necessary supporting documentation.⁹⁵ If the Simplified Strategic Plan Form is deemed incomplete, the OCC will request the bank complete necessary fields on the Simplified Strategic Plan Form and resubmit the form to the OCC. In limited circumstances, the OCC may require the bank to submit additional information that the OCC deems necessary to make a determination on the strategic plan. A community bank should expeditiously communicate material changes to information initially furnished in the Simplified Strategic Plan Form to the OCC during the processing of a community bank's request for approval. The OCC evaluates the information provided by the bank in the Simplified Strategic Plan Form to determine whether to approve the measurable goals in light of the public comments and relevant performance context (*e.g.*, the bank's capacity and constraints, business strategy, and product offerings). The OCC considers, as necessary, other information regarding the

⁹⁵ Under the simplified strategic plan process, the OCC has streamlined the information that banks provide to document their compliance with the strategic plan provision where possible. For example, banks using the simplified strategic plan process must certify their compliance with the public participation requirements of the strategic plan provision but are not required to submit the notices or newspapers used for compliance.

bank's performance context in addition to the public comments and information submitted by the bank.

Each request for approval of a strategic plan submitted to the OCC must contain a proposed effective date.⁹⁶ The proposed effective date must be at least three months after the request is submitted to the OCC. A community bank is not evaluated under a strategic plan until the bank has been operating under an approved and effective strategic plan for at least one year.⁹⁷

Community banks should direct questions regarding the simplified strategic plan process, completion of the Simplified Strategic Plan Form, or a pending submission by sending an email to the OCC or contacting their supervisory office.

Case-by-Case Waiver of Regulatory Requirements

The OCC has determined that, in certain instances, it may be appropriate to waive the strategic plan provision's proposed effective date requirement or certain CRA data requirements⁹⁸ based on a community bank's particular facts and circumstances. For the remaining regulatory requirements, the OCC has determined that waiver generally would not be appropriate.

Under the simplified strategic plan process, on a case-by-case basis, the OCC would consider waiving the requirement that a community bank submit its proposed strategic plan to the OCC for approval at least three months prior to the proposed

⁹⁶ See 12 CFR 25.27(e) (Mar. 29, 2024).

⁹⁷ See 12 CFR 25.27(a) (Mar. 29, 2024).

⁹⁸ The OCC's approval of a plan does not affect the bank's obligation, if any, to report data as required by § 25.42 (Mar. 29, 2024). See 12 CFR 25.27(b).

effective date if a strategic plan has been deemed complete and the OCC would have sufficient time to review and opine on the plan. Based on the OCC's experience, it may be appropriate to waive the proposed effective date requirement if it would allow the bank to: (1) align the effective date of its strategic plan with the beginning of a performance year (*i.e.*, a January 1st effective date); (2) avoid a gap between approved strategic plan terms; or (3) address other circumstances deemed relevant by the OCC. The OCC has also determined that it may be appropriate to waive certain of the CRA regulation's data reporting requirements⁹⁹ on a case-by-case basis if those data are not necessary for evaluating the measurable goals included in a community bank's proposed strategic plan. For example, the OCC may consider waiving the small business and small farm data collection and reporting requirements if a community bank has not included a retail lending goal in its strategic plan. The OCC notes, however, that it generally would be inappropriate for a community bank to develop a strategic plan that does not include measurable goals for lending products that are integral to the bank's business strategy in order to seek waiver of the associated data requirements.

The OCC believes that waiver may be appropriate, on a case-by-case basis, when: (1) a regulatory requirement is for the benefit of the OCC (*e.g.*, the three month lead time for the proposed effective date provides time for the OCC to review a proposed strategic plan) and (2) waiving the requirement would have minimal impact on the OCC's ability to evaluate the bank pursuant to the strategic plan if approved. For example, a waiver would have minimal impact on the OCC's ability to evaluate a bank pursuant to a

⁹⁹ The strategic plan provision provides that electing the strategic plan option does not affect a bank's or savings association's obligation, if any, to report data as required under the CRA regulation.

proposed strategic plan if the data that the bank was exempted from collecting and reporting would not be considered in evaluating the bank's measurable goals or the bank's performance under the otherwise applicable performance tests and standards for a bank that were to choose the substitute election. If the OCC were to decide to grant a waiver, the OCC would communicate that decision to the community bank in writing. The OCC believes it is appropriate to consider case-specific waivers to minimize the impact of regulatory requirements that impose unnecessary burden on community banks.

C. Decision Process and Other Information

Notification of Decision

The strategic plan provision requires the OCC to act on plan within 60 days of receiving a complete plan or else the plan is deemed approved.¹⁰⁰ When possible, the OCC would aim to act within 45 days of receiving a complete strategic plan. The OCC may extend the review period for good cause and would notify the community bank in writing of any extension of the review period, the reason for the extension, and the date by which the agency expects to act on the request. Provided a bank submits a complete proposed strategic plan, the OCC expects that it generally will not extend the review period unless the bank's capacity and constraints, product offerings, or business strategy materially change after submission of the plan. If the OCC fails to act within the review period or timely extend the review period, the OCC will deem the strategic plan to be approved.

¹⁰⁰ See 12 CFR 25.27(g)(1) (Mar. 29, 2024).

Confidentiality

Under the provisions of the Freedom of Information Act (FOIA) (5 USC 552), a request for approval of a strategic plan submitted to the OCC through the Simplified Strategic Plan Form is a public document and is available to the public upon request. The OCC's decision approving or denying a strategic plan may also be available to the public under the FOIA. Under the CRA regulation, a community bank may submit information along with its strategic plan to the OCC on a confidential basis.¹⁰¹ The Simplified Strategic Plan Form contains a confidential section that a bank requesting confidential treatment of certain information would use to submit that information.

A request for confidential treatment of commercial information means the records arguably contain material exempt from release under Exemption 4 of the FOIA. For example, if the requesting community bank believes that disclosure of commercial or financial information included with its request would likely result in substantial harm to its competitive position or that of its affiliates, confidential treatment of such information may be requested. This request for confidential treatment would be included in the confidential section of the Simplified Strategic Plan Form and must discuss in detail the justification for confidential treatment. The bank's request for confidential treatment should explain the harm that would result from public release of the information. If a community bank requests confidential treatment of supplemental information provided outside of the confidential section of the Simplified Strategic Plan Form, the community

¹⁰¹ 12 CFR 25.27(f)(2) (Mar. 29, 2024).

bank should: (1) segregate the information from any other information that is submitted and (2) label the information as “Confidential.”

The OCC determines whether information labeled “Confidential” warrants confidentiality and advises the requesting community bank of any decision to make information labeled “Confidential” available to the public. A community bank should follow the guidance in this section when submitting confidential supervisory information, which includes any information contained in, related to, or derived from reports of examination, or confidential operating and condition reports.

Plan Amendment

During the term of an approved strategic plan, a bank may request approval of an amendment to the strategic plan if there is a material change in circumstances (*e.g.*, a downturn in the economic environment, a shift in the bank's business strategy, or entrance into or exit from one or more assessment areas). Public participation is required in the development of an amendment to a previously approved strategic plan. To request approval by the OCC of a strategic plan amendment under the simplified strategic plan process, a community bank should submit the amendment portion of the Simplified Strategic Plan Form.

Appendix A

Proposed Elective Goals: Below is a list of the proposed elective goals developed based on the OCC's supervisory experience, as discussed in this SUPPLEMENTARY INFORMATION. Each goal includes a performance measure and corresponding performance level. The proposed elective goals provide guidance on the general circumstances under which a community bank would use an elective goal. This guidance relies on the OCC's experience with respect to the common performance context factors applicable to community banks of different sizes and types. Under the proposed simplified strategic plan process each community bank would determine the elective goals to include in its proposed strategic plan, if any, based on its specific performance context factors. A community bank's performance context may support the use of goals in circumstances other than those suggested in the list below.

Once finalized, the elective goals would be incorporated into the Simplified Strategic Plan Form. The elective goals included in the form would evolve over time as new goals are added.

Goal Growth and Conversion Methodologies

A community bank may opt to use one of the following methodologies for converting percentage-based elective goals to dollar-based elective goals and/or increasing the performance values in the goals during the plan term. The starting point for these conversions would be the percentage of T1 capital or total assets as of December 31 of the year prior to the plan term. A community bank could also increase dollar or number based elective goals using these methodologies, as appropriate. The bank would allocate the percent of T1 capital or total assets, or the converted dollar value, based on these measures, to assessment areas based on the percentage of deposits assigned to the assessment areas covered by the plan.

- T1 capital or total assets as of December 31 of the previous year in the plan term
- 5 percent increase year-over-year for each subsequent year in the strategic plan term
- Annual change in GDP as of December 31 of the previous year for each subsequent year in the strategic plan term

CD Lending

- Satisfactory Goals
 - 1% of T1 Capital (would generally be appropriate for smaller, less complex community banks)
 - 2% of T1 Capital (would generally be appropriate for larger, more complex community banks that include a qualified investment goal)

- 3% of T1 Capital (would generally be appropriate for larger, more complex community banks that do not include a qualified investment goal)
- 0.08% total assets per year (would generally be appropriate for smaller, less complex community banks)
- 0.16% total assets per year (would generally be appropriate for larger, more complex community banks that include a qualified investment goal)
- 0.24% total assets per year (would generally be appropriate for larger, more complex community banks that do not include a qualified investment goal)
- 0.5% of T1 Capital per year in the assessment area and 0.5% in the Broader Statewide or Regional Area (would generally be appropriate for smaller, less complex community banks in assessment areas with high competition)
- 1% of T1 Capital per year in the assessment area and 1% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that include a qualified investment goal in assessment areas with high competition)
- 1.5% of T1 Capital per year in the assessment area and 1.5% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that do not include a qualified investment goal in assessment areas with high competition)
- 0.04% of total assets per year in the assessment area and 0.04% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that include a qualified investment goal in assessment areas with high competition)
- 0.08% of total assets per year in the assessment area and 0.08% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that include a qualified investment goal in assessment areas with high competition)
- 0.16% of total assets per year in the assessment area and 0.16% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that do not include a qualified investment goal in assessment areas with high competition)
- Outstanding Goals
 - 2% of T1 Capital per year (would generally be appropriate for smaller, less complex community banks)
 - 3% of T1 Capital per year (would generally be appropriate for larger, more complex community banks that include a qualified investment goal)

- 5% of T1 Capital per year (would generally be appropriate for larger, more complex community banks that do not include a qualified investment goal)
- 0.16% total assets per year (would generally be appropriate for smaller, less complex community banks)
- 0.24% total assets per year (would generally be appropriate for larger, more complex community banks that include a qualified investment goal)
- 0.40% total assets per year (would generally be appropriate for larger, more complex community banks that do not include a qualified investment goal)
- 1% of T1 Capital per year in the assessment area and 1% in the Broader Statewide or Regional Area (would generally be appropriate for smaller, less complex community banks in assessment areas with high competition)
- 1.5% of T1 Capital per year in the assessment area and 1.5% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that include a qualified investment goal in assessment areas with high competition)
- 2.5% of T1 Capital per year in the assessment area and 2.5% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that do not include a qualified investment goal in assessment areas with high competition)
- 0.08% of total assets per year in the assessment area and 0.08% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that include a qualified investment goal in assessment areas with high competition)
- 0.12% of total assets per year in the assessment area and 0.12% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that include a qualified investment goal in assessment areas with high competition)
- 0.20% of total assets per year in the assessment area and 0.20% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that do not include a qualified investment goal in assessment areas with high competition)

Retail Lending – Home mortgage/Small Business/Small Farm/Consumer Loan

Geographic or Borrower Distribution – *This goal may be appropriate as a primary goal for smaller community banks, or as a goal included along with other measurable goals for larger community banks.*

- Satisfactory Goal
 - X (*bank defined variable*) percent of portfolio to LMI borrowers, small business, small farms or LMI areas.

- X (*bank defined variable*) number of loans to LMI borrowers, small business, small farms or LMI areas.
- X (*bank defined variable*) dollar of loans to LMI borrowers, small business, small farms or LMI areas.
- Outstanding Goal
 - X+ (*bank defined variable*) percent of portfolio to LMI borrowers, small business, small farms or LMI areas.
 - X+ (*bank defined variable*) number of loans to LMI borrowers, small business, small farms or LMI areas.
 - X+ (*bank defined variable*) dollar of loans to LMI borrowers, small business, small farms or LMI areas.

Qualified Investments

- Satisfactory Goals
 - 0.5% of T1 Capital per year (would generally be appropriate for smaller, less complex community banks)
 - 1% of T1 Capital per year (would generally be appropriate for larger, more complex community banks that include a CD lending goal)
 - 3% of T1 Capital (would generally be appropriate for larger, more complex community banks that do not include a CD lending goal)
 - 0.25% of T1 Capital per year (would generally be appropriate for smaller, less complex community banks when at least 50% goes to high impact investments such as donations or complex/innovative donations)
 - 0.5% of T1 Capital per year (would generally be appropriate for larger, more complex community banks that include a CD lending goal when at least 50% goes to high impact investments such as donations or complex/innovative donations)
 - 2% of T1 Capital per year (would generally be appropriate for larger, more complex community banks that do not include a CD lending goal when at least 50% goes to high impact investments such as donations or complex/innovative donations)
 - 0.04% total assets per year (would generally be appropriate for smaller, less complex community banks)
 - 0.08% total assets per year (would generally be appropriate for larger, more complex community banks that include a CD lending goal)
 - 0.24% total assets per year (would generally be appropriate for larger, more complex community banks that do not include a CD lending goal)
 - 0.02% total assets per year (would generally be appropriate for smaller, less complex community banks when at least 50% goes to

high impact investments such as donations or complex/innovative donations)

- 0.04% total assets per year (would generally be appropriate for larger, more complex community banks that include a CD lending goal when at least 50% goes to high impact investments such as donations or complex/innovative donations)
 - 0.16% total assets per year (would generally be appropriate for larger, more complex community banks that do not include a CD lending goal when at least 50% goes to high impact investments such as donations or complex/innovative donations)
 - 0.5% of T1 Capital per year in the assessment area and 0.5% in the Broader Statewide or Regional Area (would generally be appropriate for smaller, less complex community banks in assessment areas with high competition)
 - 1% of T1 Capital per year in the assessment area and 1% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that include a CD lending goal in assessment areas with high competition)
 - 1.5% of T1 Capital per year in the assessment area and 1.5% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that do not include a CD lending goal in assessment areas with high competition)
- Outstanding Goals
 - 1.5% of T1 Capital per year (would generally be appropriate for smaller, less complex community banks)
 - 2% of T1 Capital per year (would generally be appropriate for larger, more complex community banks that include a CD lending goal)
 - 5% of T1 Capital (would generally be appropriate for larger, more complex community banks that do not include a CD lending goal)
 - 0.75% of T1 Capital per year (would generally be appropriate for smaller, less complex community banks when at least 50% goes to high impact investments such as donations or complex/innovative donations)
 - 1% of T1 Capital per year (would generally be appropriate for larger, more complex community banks that include a CD lending goal when at least 50% goes to high impact investments such as donations or complex/innovative donations)
 - 3% of T1 Capital per year (would generally be appropriate for larger, more complex community banks that do not include a CD lending goal when at least 50% goes to high impact investments such as donations or complex/innovative donations)

- 0.12% total assets per year (would generally be appropriate for smaller, less complex community banks)
- 0.16% total assets per year (would generally be appropriate for larger, more complex community banks that include a CD lending goal)
- 0.40% total assets per year (would generally be appropriate for larger, more complex community banks that do not include a CD lending goal)
- 0.06% total assets per year (would generally be appropriate for smaller, less complex community banks when at least 50% goes to high impact investments such as donations or complex/innovative donations)
- 0.08% total assets per year (would generally be appropriate for larger, more complex community banks that include a CD lending goal when at least 50% goes to high impact investments such as donations or complex/innovative donations)
- 0.24% total assets per year (would generally be appropriate for larger, more complex community banks that do not include a CD lending goal when at least 50% goes to high impact investments such as donations or complex/innovative donations)
- 0.5% of T1 Capital per year in the assessment area and 0.5% in the Broader Statewide or Regional Area (would generally be appropriate for smaller, less complex community banks in assessment areas with high competition)
- 1% of T1 Capital per year in the assessment area and 1% in the Broader Statewide or Regional Area (would generally be appropriate for smaller, less complex community banks in assessment areas with high competition)
- 1.5% of T1 Capital per year in the assessment area and 1.5% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that include a CD lending goal in assessment areas with high competition)
- 2.5% of T1 Capital per year in the assessment area and 2.5% in the Broader Statewide or Regional Area (would generally be appropriate for larger, more complex community banks that do not include a CD lending goal in assessment areas with high competition)

Combined CD Lending and Qualified Investments

- Satisfactory Goals –
 - 1.5% of T1 Capital per year (would generally be appropriate for smaller, less complex community banks)
 - 3% of T1 Capital per year (would generally be appropriate for larger, more complex community banks)

- 0.12% total assets per year (would generally be appropriate for smaller, less complex community banks)
- 0.24% total assets per year (would generally be appropriate for larger, more complex community banks)
- Outstanding Goals –
 - 2% of T1 Capital per year (would generally be appropriate for smaller, less complex community banks)
 - 5% of T1 Capital per year (would generally be appropriate for larger, more complex community banks)
 - 0.20% total assets per year (would generally be appropriate for smaller, less complex community banks)
 - 0.40% total assets per year (would generally be appropriate for larger, more complex community banks)

Services

- Satisfactory Goals
 - 2 hours of CD services volunteer time per full-time employee per year
 - X (*bank defined variable*) hours of CD services volunteer time per manager per year
- Outstanding Goals
 - 4 hours of CD services volunteer time per full-time employee per year
 - X+ (*bank defined variable*) hours of CD services volunteer time per manager per year

Appendix B

SIMPLIFIED CRA STRATEGIC PLAN FORM OUTLINE

Stage 1

BANK PROFILE: *The Bank Profile section would include fields for the Bank to enter certain background information, as applicable. A community bank would populate the fields necessary to support the measurable goals included in the plan and to allow the OCC to evaluate the merits of the plan. Performance context information provided in this section would be bank-level information that informs the plan.*

- Bank Name
- Total Assets
- Tier 1 Capital
- Charter Number
- Total Deposits
- Performance Context¹⁰²

ASSESSMENT AREA(s): *The Assessment Area section would include fields for the Bank to list each assessment area covered by the plan and any Broader Statewide or Regional Areas, if applicable.*

PROPOSED EFFECTIVE DATE OF PLAN: *The Proposed Effective Date section would include a field for the Bank to select a proposed effective date that is at least three months after the date of submission.*

PLAN TERM: *The Plan Term section would include a field for the Bank to select a plan term between one and five years.*

¹⁰² Refer to 12 CFR 25.21(b)(1) (March 29, 2024) Demographic data on median income levels, distribution of household income, nature of housing stock, housing costs, and other relevant data pertaining to a bank's or savings association's assessment area(s); (2) Any information about lending, investment, and service opportunities in the bank's or savings association's assessment area(s) maintained by the bank or savings association or obtained from community organizations, state, local, and tribal governments, economic development agencies, or other sources; (3) The bank's or savings association's product offerings and business strategy as determined from data provided by the bank or savings association; (4) Institutional capacity and constraints, including the size and financial condition of the bank or savings association, the economic climate (national, regional, and local), safety and soundness limitations, and any other factors that significantly affect the bank's or savings association's ability to provide lending, investments, or services in its assessment area(s); (5) The bank's or savings association's past performance and the performance of similarly situated lenders; (6) The bank's or savings association's public file, as described in § 25.43 (March 29, 2024), and any written comments about the bank's or savings association's CRA performance submitted to the bank or savings association or the appropriate Federal banking agency.

INFORMAL PUBLIC PARTICIPATION IN PLAN DEVELOPMENT: *The Informal Public Participation section would include a field for the Bank to enter a description of its informal efforts to seek suggestions from members of the public.*

ANNUAL INTERIM MEASURABLE GOALS AND RELATED PERFORMANCE CONTEXT (per assessment area included in the plan): *The Annual Interim Measurable Goals section would include fields for the Bank to specify its measurable goals for each assessment area and year in the plan term, provide related performance context, and provide performance context for performance categories for which the Bank did not include measurable goals in the plan, as applicable.*

In the appropriate fields in the form the Bank would:

- Specify one or more elective goals or custom goals for each of the three performance categories, as applicable, considering public comment, capacity and constraints, product offerings, and business strategy.
- Specify elective goals or custom goals, as applicable, that constitute “Satisfactory” performance.
- Specify at its option elective goals or custom goals, as applicable, that constitute “Outstanding” performance.
- Specify any applicable growth rate methodology.
- Provide performance context supporting the specified measurable goals.
- Provide performance context addressing any performance categories not included in the plan.
- Specify a weighting methodology for:
 - Measurable goals within an assessment area; or
 - Performance across assessment areas.

Stage 2

FORMAL PUBLIC PARTICIPATION: *The Formal Public Participation section would include fields for the Bank to certify compliance with the public participation requirements.*

The Bank would provide in the appropriate fields a:

- Certification of its compliance with the requirement to solicit public comments on the plan for at least 30 days by publishing notice in at least one newspaper of general circulation in each assessment area covered by the plan and a list of newspapers and publication dates for the notices.

- Description of any written public comment received and the initial plan as released for public comment if the plan was revised in light of the comment received.

CONFIDENTIAL INFORMATION: *The Confidential Information section would include fields for the Bank to submit information on a confidential basis, as needed.*

PLAN AMENDMENT: *The Plan Amendment section would include fields for the Bank to request approval of an amendment to its plan on the grounds that there has been a material change in circumstances.*

In the appropriate fields in the form the Bank would:

- Specify the material change in circumstance.
- Specify amended elective goals or custom goals, as applicable, that constitute “Satisfactory” performance.
- Specify at its option amended elective goals or custom goals, as applicable, that constitute “Outstanding” performance.
- Specify an amended growth rate methodology, if applicable.
- Provide performance context supporting the amended measurable goals.
- Specify a weighting methodology for the amended measurable goals within an assessment area or for performance across assessment areas, as applicable.

FORMAL PUBLIC PARTICIPATION: *The Formal Public Participation section would include fields for the Bank to certify compliance with the public participation requirements.*

The Bank would provide in the appropriate fields a

- Certification of its compliance with the requirement to solicit public comments on the amended plan for at least 30 days by publishing notice in at least one newspaper of general circulation in each assessment area covered by the plan and a list of newspapers and publication dates for the notices.
- Description of any written public comment received and provide the initial plan as released for public comment if the plan was revised in light of the comment received.

CONFIDENTIAL INFORMATION: *The Confidential Information section would include fields for the Bank to submit information on a confidential basis, as needed.*

Jonathan V. Gould,
Comptroller of the Currency.