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Proposed CRA Overhaul Could Boost Bank M&A, but Spur More Scrutiny

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Lori Sommerfield

Lori Sommerfield, a partner in Troutman Pepper Locke's Consumer Financial Services Practice Group, was quoted in the August 25, 2026, *S&P Capital IQ* article, "Proposed CRA Overhaul Could Boost Bank M&A, but Spur More Scrutiny."

> "That is definitely one very real outcome, that more consumer and housing advocacy groups will get their oar in the water during the M&A process," Lori Sommerfield, a partner in the consumer financial services practice group at Troutman Pepper Locke, said in an interview, adding that advocacy groups will likely file lawsuits if the rule is finalized.
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> The proposal would provide banks with more flexible criteria in CRA exams, greater clarity on which activities qualify, and overall, reduce banks' regulatory burden, both Kaplan and Sommerfield said.
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> If finalized as-is, "I think it would make it easier for banks to at least receive a satisfactory rating under the proposed rule," Sommerfield said.
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> "Those banks are basically being given an exemption," Sommerfield said. "They're kind of getting out from under CRA scrutiny. And they're also going to be given a more sort of flexible approach to CRA examinations. So that means that there are going to be probably hundreds of banks that nolonger have obligations to report their investments, their services or their small business loans. So that could have an impact on how they serve low and moderate-income segments of their community."
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> The proposal hopes to take the guesswork out of what qualifies as a community development activity by having the OCC and FDIC compile a non-exhaustive list of qualifying activities. Sommerfield described that idea as "incredibly helpful" for the industry.
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> "That way, they wouldn't be looking at every single line of lending that the bank does, which could be de minimis in some cases," Sommerfield said."Like maybe a bank is really not into auto lending, but they do a lot of mortgage lending or other types of lending."
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> Overall, the agencies are hoping to reduce banks' regulatory burden by refocusing CRA exams back on lending activities. Both Kaplan and Sommerfield said the proposal is taking the CRA back to its roots when it was created in 1977 — to meet the credit needs of local communities.
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> "This is a good example where we see the OCC and the FDIC looking to the original statutory mandate," Sommerfield said. "Those two agencies are really looking at that language in a very literal way."

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