

Regulatory Alert

Regulatory Insights for Financial Services

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OCC Proposal: Simplified CRA Strategic Plan for Community Banks

KPMG Regulatory Insights:

- **Tailoring:** Part of ongoing OCC efforts to tailor supervision and regulation for community banks; the FRB is similarly considering changes to community bank supervision and regulation.
- **Transparency:** Intended to help community banks better understand regulatory expectations, set performance targets, and anticipate how their CRA activities will be evaluated; does not change or add new requirements.
- **Elective:** Intended to encourage increased use of the strategic plan option though community banks may continue to develop strategic plans using the guidance in OCC Bulletin 2019-39.

The Office of the Comptroller of the Currency (OCC) has issued [proposed](#) guidance on a simplified process for community banks (banks with total assets up to \$30 billion) interested in requesting that the OCC evaluate their Community Reinvestment Act (CRA) performance under a strategic plan. As proposed, the guidance would supplement the existing guidelines contained in OCC Bulletin 2019-39, “Community Reinvestment Act: Guidelines for Requesting Approval of a Strategic Plan.”

Notably, the proposed guidance would not establish any new requirements for community banks. Rather, it is intended to provide community banks with transparency into the types of measurable goals that the OCC has generally found to reflect “Satisfactory” or “Outstanding” performance and to otherwise clarify and simplify the process for electing the strategic plan option. The OCC states that “providing a simplified strategic plan process for community banks would facilitate their ability to elect the strategic plan option.”

The proposed supplemental guidance includes:

- A new “Simplified Strategic Plan Form”
- A “Simplified Strategic Plan Process”
- Revisions to the Strategic Plan Review and Approval
- Other Considerations

The OCC will accept comments on the proposal through February 20, 2026.

Simplified Strategic Plan Form. The proposed Simplified Strategic Plan Form would contain fields for all 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.

Measurable Goals. The OCC would provide examples of measurable goals that a community bank could adopt in its proposed strategic plan (referred to as “elective goals”), as appropriate. These goals would be based on the agency’s supervisory experience and include both:

- i. Performance measures (e.g., percentage, number, dollar amount, or other quantifiable measures of a particular type of lending, investment, or service)
- ii. Performance levels (i.e., the specific value for a performance measure)

The OCC notes that elective goals are not safe harbors and their use would not guarantee approval of a strategic plan.

A community bank would also be permitted to include bank-specific custom goals if it determines that the elective goals

are not suitable based on its performance context, or if the bank had unique goals that it would like to include in its strategic plan.

In selecting elective goals or developing custom goals, a community bank would be instructed to 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.

Simplified Strategic Plan Process. The proposed guidance is intended to introduce a streamlined process for drafting proposed strategic plans and submitting those plans to the OCC for approval.

Consultation. The OCC would offer community banks an “informal opportunity” to consult with the OCC on drafting of its strategic plan, including helping the community bank to develop an understanding of the regulatory requirements, identify information responsive to those requirements, consider performance context when selecting or supporting elective or custom goals, and understand how the OCC will apply its evaluation criteria when it is submitted for approval. Additionally, 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.

Public Participation. Under the Simplified Strategic Plan Process, community banks would continue to be required to comply with the public participation requirements. This would be achieved through a two-stage process. In the first stage, the community bank would generate a draft strategic plan to be used to solicit public comment in the “required newspapers of general circulation.” Following the public comment process, the community bank would complete the second stage by revising the plan, as appropriate based on comments received, and completing a certification of compliance, 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.

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. 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 decide on the strategic plan.

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. The OCC states that, when possible, it 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. (Note: 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.)

Other Considerations. To further simplify the strategic plan approval request process, the OCC is considering:

- Options for community banks to electronically submit a completed Simplified Strategic Plan Form
- Potential formats for developing the Simplified Strategic Plan Form including:
 - A fillable PDF
 - An interactive web-based form
- Ways to streamline the development of subsequent strategic plans once the term of a community bank's strategic plan ends
- Providing fields in the Simplified Strategic Plan Form that would allow the bank to specify a weighting methodology for measurable goals within an assessment area or performance across assessment areas to determine if the bank has substantially met or exceeded its “Satisfactory” or “Outstanding” goals, as applicable.

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