



FEDERAL DEPOSIT INSURANCE CORPORATION

JELENA McWILLIAMS
CHAIRMAN

September 18, 2020

Ms. Rebeca Romero Rainey
President and Chief Executive Officer
Independent Community Bankers of America
1615 L Street, N.W.
Suite 900
Washington, D.C. 20036

Dear Ms. Romero Rainey:

Thank you for your letter suggesting that federal regulators exclude loans related to the Small Business Administration's (SBA) Paycheck Protection Program (PPP) from asset thresholds for community banks under certain applicable banking regulations. As you note, PPP loans may cause a temporary surge in assets that could cause a bank's balance sheet to temporarily cross an asset threshold that results in new regulatory requirements. I appreciate this concern, and the Federal Deposit Insurance Corporation (FDIC) is exploring options to address the issue in a manner that allows community banks to support their customers while maintaining safety and soundness.

The FDIC has taken a number of steps to foster small business lending through the PPP, including through extensive engagement with the SBA and the U.S. Department of the Treasury. In addition, we have facilitated the ability of supervised institutions, particularly community banks, to make loans to small businesses under the program by: providing information to these institutions;¹ hosting multiple webinars, along with the other bank regulators and the SBA, to answer PPP-related questions;² neutralizing the capital and liquidity effects of loans funded through the Federal Reserve Board's PPP lending facility;³ and mitigating the deposit insurance

¹ See FDIC, Coronavirus (COVID-19) Information for Small Business Lenders, available at <https://www.fdic.gov/coronavirus/smallbusiness>; see also FDIC, Frequently Asked Questions (FAQs) on the Small Business Administration's Paycheck Protection Program (Apr. 5, 2020), available at <https://www.fdic.gov/coronavirus/smallbusiness/faq-sb.pdf>.

² See, e.g., FDIC FIL-49-2020, *Banker Webinar: How to Become a Paycheck Protection Program (PPP) Lender* (Apr. 22, 2020), available at <https://www.fdic.gov/news/news/financial/2020/fil20049.html>.

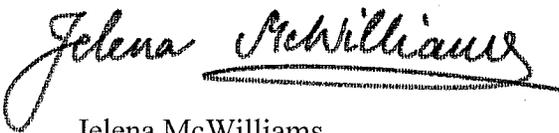
³ See Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck Protection Program Loans, 85 Fed. Reg. 20387 (Apr. 13, 2020), available at <https://www.govinfo.gov/content/pkg/FR-2020-04-13/pdf/2020-07712.pdf>; see also Liquidity Coverage Ratio Rule: Treatment of Certain Emergency Facilities, 85 Fed. Reg. 26835 (May 6, 2020), available at <https://www.govinfo.gov/content/pkg/FR-2020-05-06/pdf/2020-09716.pdf>.

assessment effects of participating in PPP lending and the PPP lending facility.⁴ As I have engaged with community bankers across the nation, I have heard firsthand how they have used PPP loans to support their customers and communities.

We will continue to consider additional targeted adjustments to mitigate to the greatest extent possible unintended consequences resulting from PPP lending and other actions taken to support local communities and the economy.

If you have additional questions or comments, please contact me at (202) 898-6868 or Chad R. Davis, Deputy to the Chairman for External Affairs, at (202) 898-6769.

Sincerely,

A handwritten signature in black ink that reads "Jelena McWilliams". The signature is written in a cursive style and is underlined with a solid black line.

Jelena McWilliams

⁴ See Assessments, Mitigating the Deposit Insurance Assessment Effect of Participation in the Paycheck Protection Program (PPP), the PPP Liquidity Facility, and the Money Market Mutual Fund Liquidity Facility, 85 Fed. Reg. 38282 (June 26, 2020), available at <https://www.govinfo.gov/content/pkg/FR-2020-06-26/pdf/2020-13751.pdf>.