



October 27, 2020

The Honorable Barry Loudermilk
United States House of Representatives
Washington, D.C. 20515

Dear Representative Loudermilk:

Thank you for the letter dated September 23, 2020, encouraging the federal regulators to use discretion regarding the regulatory impact on banks due to their participation in the Paycheck Protection Program (PPP). You noted that PPP loans are staying on financial institutions' balance sheets longer than expected and, as a result, many banks are on the verge of crossing asset-based thresholds that might prompt additional regulatory requirements.

On April 2, 2020, the Office of the Comptroller of the Currency (OCC) issued Bulletin 2020-31 encouraging banks to provide loans under available Small Business Administration relief programs, including PPP, for small businesses. The OCC is mindful of the impact to banks that, by virtue of their participation in the PPP, cross the asset-based thresholds in our regulations.

The OCC, in coordination with the Board of Governors of the Federal Reserve System (Board) and the Federal Deposit Insurance Corporation (FDIC), is taking action related to this issue and evaluating options to use our discretionary authority regarding other thresholds. For example, in my role as a member of the FDIC's board, I recently voted to approve an interim final rule allowing banks to use a lower consolidated total asset amount to determine applicability of various external audit and reporting requirements in 12 CFR Part 363, including the \$500 million external audit threshold noted in your letter. This will provide some relief to community banks temporarily crossing over the \$500 million and \$1 billion total asset thresholds. Additionally, the OCC is working with the Board and FDIC to develop options to address other thresholds, including use of our rulemaking and waiver authorities, to minimize the impact on banks that unexpectedly cross these thresholds during 2020.

Thank you again for your views on this issue. If you have any questions or need additional information, please do not hesitate to contact me or Carrie Moore, Director, Congressional Relations, at (202) 649-6737.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Brian P. Brooks', written over a circular stamp.

Brian P. Brooks
Acting Comptroller of the Currency