**From:** Charles Field <cfield@penncommunitybank.com>
**Sent:** Tuesday, May 26, 2020 8:05 AM
**To:** Comments
**Subject:** [EXTERNAL MESSAGE] 3064–AF53

Dear Mr. Feldman,

Thank you for the opportunity to respond to the FDIC's PPP assessment Mitigation Proposal, and for the FDIC's proactive approach to providing relief during these unprecedented times. I only have a few comments regarding the proposal which I have bullet point below.

- The proposed adjustments would barely, if at all, reduce the extra assessments Penn Community Bank will incur for making PPP loans.

- It would be preferable, and I believe more appropriate, for the offset to the assessment base be determined using the quarter-end outstanding balance of PPP loans not the quarterly average amount of PPP loans pledged against borrowing from the Federal Reserve's PPP Liquidity Facility. The same adjustment is proposed for various elements in the formula to calculate the assessments rate.

- Both adjustments understate PPP lending, meaning that banks will pay higher assessment rates on larger assessment bases than if the FDIC were to fully adjust for PPP lending.

- Banks should not be penalized with higher assessments for making PPP loans.

As you are aware the PPP is a Federal program, authorized in the CARES Act, to address the economic impacts of the pandemic with subsidies for small businesses that retain employees. It has been administered primarily through banks, which make forgivable loans on thin, and at times negative, margins to small businesses. I do not believe that as a community bank we should not be penalized for doing our duty and providing these loans as a public service. As like many banks we have ample deposits/liquidity to finance our PPP loans and did not seek to rely upon the PPP Liquidity Facility. Although the FDIC may feel that PPP loans pledged against PPP Liquidity Facility borrower are without recourse, making these PPP loans extra safe, the PPP loans are fully guaranteed by the SBA, so do not require a second level of federal backing to be safe. It would therefore be appropriate for the FDIC assessments to be fully adjusted for a bank's entire quarter-end outstanding balance of PPP loans, in both assessment base and assessment rate until the loans are completely paid-off.

Thank you for your consideration.

Sincerely,

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