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May 27, 2020

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Subject: **RIN 3064-AF53 **
FDIC PPP Assessment Mitigation Proposal

Dear Secretary Feldman,

As a community bank, we welcome the FDIC's support in continuing to look to improve deposit insurance assessment rulemaking to mitigate the effects of an insured depository institution's participation within some of the programs offered through the CARES Act.

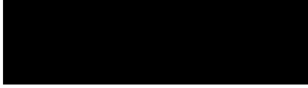
Community Bankers participated in the Paycheck Protection Program (PPP) to be a part of the relief response for many small businesses throughout our communities that were marred by the coronavirus pandemic. These businesses were able to restart or maintain employment for many families. Mars Bank is approximately $430 million in size and participated in 175 PPP loans for approximately $15.5 million funding or 5.3% of our net loan balance. We directly contributed to saving over 1,645 employee jobs as part of our participation.

Most of these loans were for small businesses within our delineated area. We were proud to help our community like so many other bankers. Like many other bankers, given the current market conditions of low interest rates and the flight to quality, we continue to gain new deposits for strong liquidity and continue to perform on thinner margins. The proposal appears to penalize banks with higher assessments for making PPP loans. Given banks have stronger balances of deposits, we do not feel a need to pay 35 basis points to borrow from a PPP Liquidity Facility. Further, given that the SBA has stated that all PPP loans are 100% guaranteed, we do not feel the requirement of a second level of federal backing is needed. Therefore, we do not feel that having PPP loans pledged against a PPP Liquidity Facility borrower without recourse would make these loans safer than what exists today.

In review of the proposed rule it appears that the changes listed by the FDIC would seem to have a minimal effect to reducing some of the extra assessment a bank would have to pay for participating in the PPP program. The adjustments seem to understate PPP lending and would make banks pay a higher assessment rate on larger assessment bases that if the FDIC fully adjusted for PPP lending.

We appreciate the opportunity to submit this comment and hope this letter helps to have FDIC adjust the assessment base and assessment rate to be fully adjusted for the bank's full quarter-end outstanding balance of PPP loans.

Sincerely,



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