

VERMONT BANKERS ASSOCIATION, INC.

VBA

May 26, 2020

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

Re: RIN 3064-AF53

Dear Mr. Feldman,

I am writing on behalf of our member banks in Vermont concerning the recent notice of proposed rulemaking to mitigate the deposit insurance assessment effects of participating in the Paycheck Protection Program (PPP) as well as the related lending facility.

The FDIC's proposal suggests an offset to the assessment base, not for the quarter-end outstanding balance of PPP loans, but for 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.

We believe these adjustments understate the actual amount of PPP lending and are not helpful to a majority of institutions participating in PPP lending. Many banks have ample deposits to finance PPP loans and therefore have not needed to access the PPPLF at an additional cost. In addition, banks should not be penalized for participating in this important federal program that has successfully served so many small businesses and helped to retain employment levels in this extraordinary climate.

We respectfully recommend that a full adjustment for PPP lending without regard to participation in the PPPLF be implemented in order to mitigate the impact on assessment bases and rates. Thank you for the opportunity to submit our comments.

Sincerely,

Christopher D'Elia  
President

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