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May 27, 2020

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

Re: RIN3064-AF53

Dear Mr. Feldman:

I write in response to the 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. This letter is submitted on behalf of the Nebraska Bankers Association (NBA) which is a trade association that represents 174 of the 180 commercial banks and savings institutions in the state of Nebraska. With virtually all of the NBA member banks and savings and loans participating in the PPP, the proposed rule falls short of providing the relief needed by banks to "mitigate" the amount of extra assessments they would pay for making loans under the PPP.

PPP loans expand the balance sheet for most banks --- the base on which FDIC assessments are determined. In addition, PPP loans raise the assessment rate that is applied to the assessment base, creating a dual adverse effect.

As written, the proposed rule only allows for an offset to certain elements used in calculating the assessment rate and to the assessment base for the quarterly average amount of PPP loans pledged against borrowing from the Federal Reserve's PPP Liquidity Facility (PPPLF). As a result, these adjustments grossly understate the actual amount of beneficial PPP lending that has occurred and barely, if at all, reduce the extra assessments a bank will pay for having made PPP loans. Many banks have ample deposits to finance PPP loans and therefore have not needed to access the PPPLF at an additional cost (35 B.P. to borrow from the PPPLF). In addition, banks should not be penalized for participating in this important program that has provided a virtual lifeline to many small businesses.

We would respectfully request that FDIC assessments be fully adjusted for all of a bank's quarter-end outstanding balance of PPP loans, for both assessment base and assessment rate purposes. As always, we thank you for the opportunity to submit our comments. Please feel free to contact me should you have any questions.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Richard J. Baier". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Richard J. Baier  
President & CEO

/tjm