

Proposal: 1712(AF86) Reg Q; Paycheck Protection Program Lending Facility and Paycheck Protection Program Loans

Description:

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Comment ID: 137217

From: Clear Lake Bank & Trust Co., Matthew Ritter

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Subject: Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck Protection Progra

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Comments:

Date: Apr 22, 2020

Proposal: Regulatory Capital Rule: Paycheck Protection Program Lending Facility and Paycheck [R-1712]

Document ID: R-1712

Revision: 1

First name: Matthew

Middle initial: J

Last name: Ritter

Affiliation (if any): Clear Lake Bank & Trust Co

Affiliation Type: ()

Address line 1: 322 Main Avenue

Address line 2:

City: Clear Lake

State: Iowa

Zip: 50428

Country: UNITED STATES

Postal (if outside the U.S.):

Your comment: While PPP loans are excluded from risk-based capital ratio calculations, they are not excluded from average assets for the tier 1 leverage capital ratio calculation unless the PPP loans are pledged to the PPP liquidity facility and an advance is extended to the bank. The interim rule seems to place more of a burden on banks that have adequate liquidity to fund PPP loans without using advances from the PPPLF. It could also discourage banks with their adequate liquidity from continued participation in PPP lending or lending to customers outside of the PPP program if it would further decrease a bank's tier 1 leverage ratio.