



October 15, 2020

Ms. Rebeca Romero Rainey  
President and CEO  
Independent Community Bankers of America  
1615 L Street NW  
Suite 900  
Washington, DC 20036

Dear Ms. Romero Rainey:

Thank you for your letter dated September 18, 2020, offering recommendations related to the accounting treatment of fees received by institutions that originate loans under the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The Office of the Comptroller of the Currency (OCC) appreciates the opportunity to respond to your letter. We would also like to take this opportunity to recognize community banks for their active participation in the PPP. Their assistance is critical to support small businesses and the economy during the COVID-19 pandemic.

As you note in your letter, loan fees are required to be accounted for under FASB ASC 310-20, which requires net loan fees to be deferred and amortized over the contractual life of the loan, with the remaining unamortized net fees recognized in income immediately if the loan is forgiven. Your recommendation to recognize PPP loan fees in income upon origination of the PPP loan would necessitate a change to FASB ASC 310-20, which is not within the OCC's authority. If, however, the Financial Accounting Standards Board (FASB) were to make changes to the U.S. generally accepted accounting principles (GAAP) in this area, the OCC would take any actions needed to implement the changes in regulatory reporting.

We understand applying FASB ASC 310-20 to PPP loan fees may be challenging for community banks and are sympathetic to the concerns you raised. Loan origination fees may have historically been immaterial at some institutions. As a result, some community banks may not have the systems and resources to apply FASB ASC 310-20 to the unique terms of the PPP loans while continuing to support borrowers and addressing challenges presented by the COVID-19 pandemic. We encourage community banks with concerns regarding PPP loan fees to discuss these concerns with their external auditor, if applicable. Banks are also encouraged to work with their OCC examination team to discuss the appropriate reporting of these fees in regulatory reports. OCC examination teams will consider an institution's specific facts and circumstances in determining the required regulatory reporting.

The OCC supports the SBA's PPP and recognizes the significant contribution made by community banks to the overall success of the program. If you have additional questions or concerns, please feel free to reach out to our Assistant Chief Accountant Jeffrey Geer at [Jeffrey.Geer@occ.treas.gov](mailto:Jeffrey.Geer@occ.treas.gov) or (202) 330-2433 or Acting Deputy Chief Accountant Amanda Freedle at [Amanda.Freedle@occ.treas.gov](mailto:Amanda.Freedle@occ.treas.gov) or (202) 285-4355.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Brian P. Brooks', written in a cursive style.

Brian P. Brooks  
Acting Comptroller of the Currency