

From: [Keith S. Rainwater](#)
To: [Comments](#)
Cc: [Robert Haile](#); [Barbara D. Star](#)
Subject: [EXTERNAL MESSAGE] RIN 3064-AG15
Date: Wednesday, September 24, 2025 1:44:54 PM
Attachments: [frbc2_d271af0b-3014-4742-82af-7c689236edac.png](#)
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September 24, 2025

To Whom It May Concern:

On behalf of First Reliance Bank, a \$1.0 Billion in total asset community bank, I am writing to express our support for the FDIC's proposed changes to increase the asset threshold for requiring internal control audits under the Federal Deposit Insurance Corporations Improvement Act (FDICIA) Part 363 from \$1 billion to \$5 billion in assets. I am also writing to request that the FDIC consider retroactively applying the FDICIA asset-size thresholds to January 1, 2025.

As a community bank, we have experienced, along with all community banks, the burden (both time and money) associated with these audits. The increased cost associated with compliance with this existing rule will exceed \$100,000 in 2025, early 2026, and going forward. This comes primarily from two separate but similar groups: (1) an increase in the cost for the internal audit function around management's assessment of internal controls, and (2) from the external audit function and their assessment of internal controls.

The bank began in late 2023, with a third-party, developing a readiness assessment of our internal controls, which cost an initial \$40,000. As expected, the bank's total assets did exceed \$1.0 billion by the end of 2024.

We support and recognize the importance and need for strong internal controls and sound risk management practices. However, the audit requirement currently expected and required is not proportionate for institutions with just over \$1.0 billion in total assets. The proposed threshold change appears to be reasonable and is welcome. The cost associated with compliance with the existing rules can be better used for innovation and community bank investment.

With that said, we respectfully request that the FDIC apply the proposed changes to the FDICIA asset-size thresholds retroactively to January 1, 2025. This will allow those financial institutions that were implementing the current FDICIA requirement around internal controls for one year (2025) to suspend those activities. This will result in calendar year 2025 being consistent with the years going forward until the new threshold is achieved.

Thank you for considering my comments and reducing the regulation on community banks.

Respectfully,

Keith Rainwater

Chief Accounting Officer



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