F&M Bank
banking that feels right

August 23, 2017

Ladies and Gentlemen,

I prepare the call report for a $270MM Bank and am submitting this letter to comment on the proposed changes to the call report that would be effective March 31, 2018. The proposal to only report items on schedule RI-E annually is meaningful relief – thank you. The other items that are proposed for elimination do very little for meaningful relief, as they are already not completed by most smaller institutions. The proposal to combine certain lines simply changes where figures are mapped in the call report software and aggregated.

In my previous comment letter dated October 12, 2016, I made the following suggestion for meaningful relief, and am reiterating this statement again:

> Meaningful relief would mean completing a short-form call report in the first and third quarters. I would recommend smaller institutions complete the following schedules for the following quarters:
> Q1 – RI, RI-A, RC, RC-CI, RC-K, RC-R
> Q2 – RI, RI-A, RI-B, RC, RC-B, RC-CI, RC-E, RC-K, RC-L, RC-M, RC-N, RC-R
> Q3 – RI, RI-A, RC, RC-CI, RC-K, RC-R
> Q4 – All schedules, except eliminate RC-O.

Again, the previous comment letter explains reasoning for not completing certain schedules each quarter. The figures on many of the support schedules such as RC-F, RC-G, RC-L, etc. just don't change that much from quarter to quarter. Changing to semi-annual reporting, such as with RC-CII, or to annual reporting, such as with RI-E, would still provide useful data and most importantly, meaningful relief to completing the call report.

The new proposal to change past due reporting to the MBA method would actually INCREASE the burden of reporting by smaller institutions. We are primarily an AG lender, and many of our operating lines have either quarterly or semi-annual payments, due to the seasonal nature of these credits. We banking that feels right

also have a few other various loans with terms that do not require monthly payments. We will still have to report these past due when an interest/principal payment remains unpaid for 30 days or more.

Our core system reporting identifies all past due notes by counting days payments remain unpaid. Under the MBA method, the system reporting would have to be changed for loans with monthly payments, most likely meaning two separate past due reports. The proposal has an example of a payment due on April 1 and considered past due 30 days if the payment is not made on April 30. Since the loan is actually one day past due on April 2, the loan is actually only past due 29 days on April 30. If the system cannot be changed or a new report created to identify past due loans based on one day prior to the next payment, then we would have to manually identify past due loans that have monthly payments and manually verify whether they should be considered past due 30 days or not under the MBA method.

Again, should the MBA method be implemented, we would then have to report past due loans on the call report using two different methods, whereas now we only use one method. We would also likely have to use two separate past due reports or possibly manually calculate past due loans with monthly payments. While the MBA method may be good for mortgage banks, it would definitely INCREASE the burden on smaller community banks that originate a wide variety of loans with various repayment terms.

Please feel free to contact me at (402) 372-5331 or chutchinson@fmbankne.com if you have questions on the information I provided or would like more support.

Thank you,

[redacted]

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