



November 17, 2015

Gary A Kuiper  
Attn: Comments, Room MB-3074  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW.  
Washington, DC 20429

Via electronic submission at [www.fdic.gov](http://www.fdic.gov)

RE: FFIEC 031 and FFIEC 041

Dear Mr. Kuiper,

I am writing on behalf of State Bank of Southern Utah to comment on the proposed rules relating to the revisions to the Call Report that are proposed to take effect as of December 31, 2015 or March 31, 2016. I appreciate the opportunity to comment on the proposed revisions.

State Bank of Southern Utah is a community bank with assets of just over \$850 million. Our primary market area is in Southwestern Utah and is mainly rural except for the St. George, Utah MSA. I believe some of the proposed revisions will be helpful in reducing the burden associated with the preparation of the Call Report. Some of the revisions do not pertain to our bank, so I would have no comment on those. However, there are proposed revisions that will make the preparation more burdensome which causes me concern.

### **Section III**

#### *A. Deletions of Existing Data Items*

State Bank of Southern Utah has not reported any of the items proposed for deletion. As these revisions do not have any impact on our reporting, we have no comments.

#### *B. New Reporting Threshold and Increases in Existing Reporting Thresholds*

The agencies are proposing to raise thresholds for itemizing and describing components of six different items. The proposed revisions will assist in reducing reporting burden in connection with each of those items. I support the proposal to raise the thresholds.

#### *C. Instructional Revisions 1. Reporting HELOC that convert from revolving to non-revolving status.*

The agencies are proposing to clarify instructions for reporting loans secured by 1-4 family residential properties to specify that after a revolving open-end line of credit has converted to non-revolving closed-end status, the loan should be reported in Schedule RC-C Part I, item 1.c(2)(a) or (b), as appropriate. We are opposed to this revision due to the difficulties we will encounter in preparing the Call Report. Currently, open end lines of credit secured by 1-4 family residential properties are reported in Schedule RC-C Part I, item 1.c(1). While these are typically secured by a junior lien, we have many that are secured by a 1<sup>st</sup> lien. The proposed instructions will create significant difficulties in having to specifically identify which are secured by a 1<sup>st</sup> lien and which are secured by a junior lien. As the reporting instructions have not required distinguishing between 1<sup>st</sup> lien and junior lien, our system has not been set up to break them out as such. The proposed revision will require significant time and effort in identifying and classifying them properly for reporting purposes. We will also encounter difficulties at the time the repayment period begins. Our system is not equipped to automatically identify when this event occurs and properly flag it for Call Reporting purposes. If the proposed revision is adopted, we request time for our systems to be re-programmed to properly identify and classify the loan for proper reporting on the Call

Report. One other point of clarification that will be needed is the proper lien status to be reported at conversion to closed-end status. There are many times where the revolving line is established when it is secured by a junior lien. However, during the course of the draw period, the 1<sup>st</sup> lien gets paid off and the revolving line in effect gains a priority lien position. If the bank knows that it is now secured by a 1<sup>st</sup> lien, would it be reported as such when converted to closed end or is it reported as a junior lien since the revolving line was originated with a junior lien? Because of these concerns, I request the agencies withdraw the proposal to clarify these instructions at this time.

#### *D. New and Revised Data Items...*

##### *1. Increase in the Time Deposit Size Threshold*

The agencies are proposing to revise the time deposit size threshold to bring it into alignment with the SMDIA. We fully support this revision as the \$100,000 threshold has been irrelevant since the permanent increase of the SMDIA in 2010. In addition, I would encourage the agencies to identify ALL instances in the Call Report that refer to the outdated \$100,000 deposit level and eliminate them as well. See for example, Schedule RC-E Memoranda items 1.c(1) and 1.c(2), items 1.d(1) and 1.d(2), items 2.b and 2.c, item 2.e. In order to be consistent, the agencies should change ALL references to deposit balances of \$100,000. If the agencies are not ready to change all references, it would be better to change none so as to avoid confusion and errors.

##### *2. Level of External Auditing Work*

We are not opposed to the proposed revisions in relation to the level of external auditing work performed.

##### *3. CEO Contact Information*

As communication with the CEO is important, we are not opposed to the provisions related to the CEO contact information.

##### *4. Legal Entity Identifier*

State Bank of Southern Utah has not been issued a Legal Entity Identifier. As such, we are not opposed to the revision to report the LEI as long as an institution that does not have an LEI would not be required to obtain one for purposes of reporting it on the Call Report.

##### *5. Additional Preprinted Captions...*

The agencies are proposing to include additional preprinted captions for itemizing and describing components of certain items that exceed reporting thresholds. We agree that the preprinted captions will help simplify compliance with the requirement to itemize and describe the proposed components. As such, we are not opposed to the proposed revisions.

#### **Conclusion**

This concludes my comments on the proposed revisions to the Call Report. I would like to thank the agencies for the opportunity to comment on the proposals and hope my comments will be useful in establishing final revisions that will simplify the Call Report process.

Thank you,

David Eberhard  
Chief Financial Officer