



Security First Bank
OF NORTH DAKOTA

(701) 222-4444 Highway 83 North 3000 North 14th St PO Box 4250 Bismarck, North Dakota 58502

Via electronic submission

December 13, 2019

Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Ms. Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Manuel E. Cabeza
Counsel
Attn: Comments, Room MB-3128
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: Loans to Small Businesses and Small Farms

Dear Ladies and Gentlemen:

We appreciate the opportunity to provide feedback on the Reporting Data on Loans to Small Businesses and Small Farms in the Consolidated Report of Condition and Income.

First off, we do not support expanding or changing the reporting requirements for loans to small businesses and small farms. We acknowledge that the original loan amount is not a perfect identifier of a small business or small farm customer; however, we believe it is the only reasonable marker. Loans to small businesses and small farms are not separately tracked or identified within our core system. A change in the reporting requirements to identify which of our customers meet the definition of a small business or a small farm would require a significant overhaul of our current processes. And, assuming we would need to identify which customers meet the definition of small on all existing loans, the number of hours our limited staff would have to spend to go back through all of our existing loans would be overwhelming and incredibly burdensome. It would literally take our staff weeks, if not months to accomplish this, while still performing their current duties.

The type and amount of data collected from our small businesses and small farms can vary greatly depending on the type of loan originated, collateral used, purpose of the funds and strength of the guarantors for that specific loan. And, since business/farm loans do not have specific underwriting requirements, the data collected will also vary greatly from bank to bank. Further, the vast majority of the data we collect for underwriting is never entered into our core system, rather it is found within each loan file, where it is maintained as supporting documentation. Our core system primarily contains loan term information and borrower contact information. And, our core system is where we generate the data used to complete our call report. Expanding or changing the reporting requirement would definitely result in time consuming and cumbersome manual tracking at an institution our size, with a higher risk for errors.

As mentioned earlier, having to input additional fields for existing loans would not be reasonable request. The time and resources required to dig the information out of our files and input into our core system would be extremely significant due to the manual nature of the research. Each file would have to be reviewed for the specific type of data requested. And, any data fields we don't have documentation of would have to be obtained from the customer. Having our staff reach out to customers for data on loans originated several years ago would be burdensome and it would frustrate our customers, many of whom may no longer have the data easily accessible, if they still have it at all. And, since this documentation wasn't required at the time of loan origination, our customers are not going to have an incentive to provide us with it, especially if the loan was a one-time transaction.

We are a \$180 million financial institution located in rural North Dakota. A reasonable assumption can be made that for our size of bank, the vast majority of our portfolio is made up of small business and small farm loans – I would estimate over 95%. Thus, we would request that if reporting is expanded or changed, there be an exemption from any additional requirements or changes that may be implemented for banks that meet certain criteria (like assets less than \$10 Billion or geographical location).

Also, as a U.S. Business owner, I am are required to complete a business census, file an annual tax return and file annual registration documents with the Secretary of State. I would suggest that all of these filings would present great opportunities for the government to collect additional information on small business lending. By using a government controlled filing process, the government could more easily make changes to the information requested as needed and also obtain information directly from the businesses. And, if the government collected this data through its own agencies, then the burden would be spread much more evenly, with each business reporting a small amount of information, rather than the burden being placed solely on banks.

In summary, we do not support changing the current data indicators used to track and report small business and small farm loans. We believe that, especially for a bank our size, the data currently being submitted on the call report is generally accurate and that any changes would be overly burdensome for the minimal increase in accuracy.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sarah M. Getzlaff, CEO". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Sarah M. Getzlaff, CEO