FR 2028D FAQs for Institutions

FR 2028D Reporting Questions

General Questions

**Question:** Can the definition of a small business loan for this survey be the same as that for Call Report section RC-C part II which states: “Report the number and amount currently outstanding as of the report date of business loans with "original amounts" of $1,000,000 or less and farm loans with "original amounts" of $500,000 or less.”?

**Answer:** One of the drivers of developing the FR 2028D survey was that while all small business loans will be relatively small, not all small loans are to small businesses. So a key aspect of the FR 2028D survey is for the size of the borrower to drive our pool of respondents. The Survey Scope section of instructions states: “For the purpose of this survey, U.S. nonfarm small businesses are those nonfarm businesses domiciled in the U.S. with no more than $5 million in total annual revenues.” If annual revenues are not readily available on a bank’s data system, please contact your FR 2028D analyst for additional information.

**Question:** What is the universe of loans that should be included in loan amounts? Is it all C&I? All C&I made to a small business?

**Answer:** It is all C&I loans made to a small business, which is defined in the survey as a U.S. nonfarm small businesses domiciled in the U.S. with no more than $5 million in total annual revenues. The definition of C&I loans, which can be found in the FR 2028D instructions – General Instructions, Survey Scope section, is the same as that used for line Item 4 of Schedule RC-C (FFIEC 031, 041, 051). For details, see the Call Report instructions.

**Question:** Should CRE or agricultural loans to small businesses be included in the survey?

**Answer:** No, only loans that are reported as C&I loans in Schedule RC-C (FFIEC 031, 041, 051), line Item 4 should be included in the survey.

**Question:** Should matured and charged off accounts be included in outstanding or new loans amounts?

**Answer:** No, matured and charged off loans should not be included.

**Question:** When reporting the outstanding balance, is it the contractual balance owed or the accounting book balance, i.e., net of charge-offs, interest payments received applied to principal, and deferred FASB fees?

**Answer:** Accounting book balance should be used.
**Question:** Where the survey asks for the number of loans with other guarantors, this is defined as a guaranty by an entity other than the SBA. Does this refer to other government entity guarantees?

**Answer:** Any loans with guarantees (other government or otherwise) should be included.

**Question:** If an institution has both an SBA guarantee and another type of guarantee, should the SBA guarantee take precedence, or should we include it in both categories?

**Answer:** You should include those facilities in both categories.

**Question:** Do “other guarantees” include personal guarantees?

**Answer:** Yes “other guarantees” include any guarantee other than a SBA guarantee.

**Question:** For a commercial credit card portfolio, if it includes the full range of liability structures (joint & several, individual and corporate-only), should the liability structure be treated as a personal guarantee?

**Answer:** No, liability structures should not be treated as a personal guarantee.

**Question:** Some of the institution’s commercial credit card portfolios have recourse programs where their partners – typically, national retailers – cover borrower losses under certain conditions. Are such programs a form of “other guarantees”?

**Answer:** Yes, such programs are a form of ‘other guarantees’.

**Question:** The category “Net Drawdowns on C&I Commitments” could be a positive number if drawdowns exceed pay downs, but could also be a negative number if pay downs exceed drawdowns. Is that correct?

**Answer:** Yes, “Net Drawdowns on C&I Commitments” can be negative.

**Question:** For “Net Drawdowns on C&I Commitments”, should fees and interest be included when making this calculation?

**Answer:** If it is capitalized into the loan, then Yes, include it in the calculation for net drawdowns. If the fees are outside the loan amount, then No.

**Question:** Should revolving lines of credit be reported in this survey or just term loans?

**Answer:** Revolving lines should be included in commitments (line items 5, 6, and 10).

**Question:** Can an institution submit comments to explain any assumptions, caveats, etc. regarding its data submission?

**Answer:** No, there are currently no sections in the FR 2028D survey to submit comments to explain any assumptions or caveats. If an institution has any questions or comments, please contact or provide the information to your FRB analyst via email.
Line Item 4 Questions

**Question:** For outstanding dollar amount, the instructions ask for the total face value. Should the net or gross balance of the loan be reported? If net, should purchased participations be included?

**Answer:** The outstanding dollar amount should be reported as it is reported in line Item 4 of Schedule RC-C, Part I (FFIEC 031, 041, 051). Purchased participations should be included if the loan is a small business loan as defined in the FR 2028D survey instructions.

**Question:** For line item 4b on the outstanding face amount of term loans, does face amount mean the original amount of the loans as detailed in the loan contract? For example, if a loan that was originally for $1,000,000 had paid down to $600,000, should $1,000,000 still be reported for item 4b as that was the face amount?

**Answer:** The face value of the loan when it was originated was $1,000,000. But since line item 4 is asking for outstanding balance face amounts and $400,000 has been paid down, then the outstanding face amount for this question is $600,000.

Line Item 6 Questions

**Question:** Line item 6a (Net Drawdowns): What loan types are you looking to be reported in this item? Is it only revolving/credit or does it include term loans? Would it just be new loans or does it include renewals?

**Answer:** Net drawdowns (drawdowns – repayments) of outstanding commitments during the quarter. Note that this is drawdowns less repayments in the current survey period and not outstanding commitments in the current survey period less outstanding commitments in the previous survey period.

Line Items 8 and 9 Questions

**Question:** Line items 8 & 9: If an institution only has variable rate, term C&I loans with SBA guarantees that were sold and that it is still servicing the loan, should it answer yes to question 8 and enter zeros for line item 9 since the variable rate column is grayed out?

**Answer:** In this case, the institution should answer no to line item 8 and line item 9 will be grayed out. Graying out the variable rate columns was an oversight when the FR 2028D survey was designed. We plan to propose that information on variable rate loans should be collected when the survey is renewed, which if approved would be for the June 30, 2020 as-of date. These loans should not be incorporated into any other line item.
Line Items 14 - 16 Questions

Question: Line items 14 or 16 (Applications Received and Approved): Should loan renewals be counted as an application received/approved by the DI for this item?
Answer: Yes.

Question: Concerning the application information for low and moderate income (LMI) tracts requested in line items 16a and 16b, what should an institution report if it only tracks LMI for booked applications and not applications received? Can the institution provide this information only for the booked loan data?
Answer: No, if the institution cannot provide both LMI applications received and LMI applications approved, line item 15 should be answered as “no” and line item 16 will be “grayed out” so that it will not be answered.

Question: Line items 15 & 16 (LMI applications): If an institution does not track the LMI applications received or approved, how should these items be reported?
Answer: If an institution does not track LMI applications both received and approved, it should answer line item 15 “no” and line item 16 automatically will be greyed out.