Joint Release

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
National Credit Union Administration
Office of the Comptroller of the Currency

For immediate release November 14, 2012

Agencies Issue Supplemental Statement on Supervisory Practices Regarding Financial Institutions and Borrowers Affected by Hurricane Sandy

WASHINGTON—The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency (the agencies) recognize the continuing impact of Hurricane Sandy on the customers and operations of many financial institutions and encourage institutions to consider all reasonable and prudent steps to assist customers in communities affected by recent storms. Therefore, the agencies are issuing supplemental guidance to their October 30, 2012, statements about financial institutions and borrowers affected by Hurricane Sandy. A complete list of the affected disaster areas can be found at www.fema.gov.

Prudent Relief Efforts

Prudent efforts by institutions to meet customers' cash and financial needs generally will not be subject to examiner criticism. When consistent with safe and sound banking and credit union practices, these efforts may include:

- Waiving ATM fees for customers and non-customers
- Increasing ATM daily cash withdrawal limits
- Waiving overdraft fees
- Waiving early withdrawal penalties on time deposits[1]
- Waiving availability restrictions on insurance checks
- Easing restrictions on cashing out-of-state and non-customer checks
- Easing credit card limits and credit terms for new loans
- Waiving late fees for credit card and other loan balances
- Offering payment accommodations, such as allowing loan customers to defer or skip some payments or extending the payment due dates, which would avoid delinquencies and negative credit bureau reporting caused by storm-related disruptions

Loan Modifications

The agencies realize the effects of natural disasters on local businesses and individuals are often transitory, and prudent efforts to adjust or alter terms on existing loans in affected areas should not be subject to examiner criticism. Financial institutions should perform a comprehensive review of an affected borrower's financial condition in an effort to implement a prudent loan workout arrangement. When conducting examinations and other supervisory activities, examiners will consider the unusual circumstances institutions are facing in the affected areas. An institution that implements prudent loan workout arrangements will not be subject to criticism for engaging in these efforts even if the restructured loans have weaknesses that result in adverse classification or credit risk grade downgrade.

The agencies remind financial institutions that all restructured loans should be evaluated to determine whether a loan should be reported as a troubled debt restructuring (TDR). This evaluation should be based on the facts and circumstances of each borrower and loan; this requires judgment since not all modifications are TDRs. Financial institutions should refer to the instructions for the Consolidated Reports of Condition and Income (for banks and savings associations) and the 5300 Call Report (for credit unions); Accounting Standards Codification Subtopic 310-40, "Receivables – Troubled Debt Restructurings by Creditors"; and other supervisory guidance for the accounting and reporting of TDRs.

Community Reinvestment Act Considerations

Financial institutions[2] may receive CRA consideration for community development loans, investments or services that revitalize or stabilize federally designated disaster areas in their assessment areas or in the states or regions that include their assessment areas. For additional information, institutions should review the *Interagency Questions and Answers Regarding Community Reinvestment* at *http://www.ffiec.gov/cra/pdf/2010-4903.pdf.*

Customer Identification

The agencies recognize that many persons displaced or adversely affected by a disaster or emergency may not have access to their normal identification and personal records. Under the Customer Identification Program (CIP) requirements of the Bank Secrecy Act (BSA), financial institutions must obtain, at a minimum, an individual's name, address, date of birth, and taxpayer identification number or other acceptable identification number before opening an account. The agencies encourage institutions to be reasonable in their approach to verifying the identity of individuals temporarily displaced by Hurricane Sandy.

Recognizing the urgency of this situation, the agencies remind institutions that the CIP requirements of the BSA provide organizations the flexibility to use documents, non-documentary methods, or a combination to verify a customer's identity. Moreover, the regulation provides that verification of identity may be completed within a reasonable time after the account is opened. An institution in an affected area, or dealing with new customers from the affected area, may amend its Customer Identification Program immediately and obtain required board approval for program changes as soon as practicable.

To help protect the interests of customers and communities in the affected areas, institutions should continue to be alert to indications of fraud or other criminal activities and report suspicious activity in accordance with existing protocols. Institutions may wish to refer to the Financial Crimes Enforcement Network's Advisory FIN-2006-A001 (available at http://www.fincen.gov/statutes_regs/guidance/pdf/hurricanebenefitfraud.pdf), which provides guidance to financial institutions about potential fraudulent schemes during natural disasters.

Monitoring

The agencies note that the measures described above could help customers recover financial strength and contribute to the health of the local community and the long-term interests of institutions and their customers when undertaken in a prudent manner. The agencies recognize that the needs and situation of each financial institution and its community and customers are unique. These suggested actions may not be feasible or desirable for all institutions and many institutions may provide services in addition to those identified above.

The agencies will continue to closely monitor the situation and provide additional guidance, as required, to help address the needs of financial institutions and their customers. Institutions requiring assistance in dealing with customers affected by Hurricane Sandy should contact their primary supervisors.

Media Contacts:

Federal Reserve	Susan Stawick	(202) 452-2955
FDIC	Andrew Gray	(202) 898-7192
OCC	Bryan Hubbard	(202) 874-5770
NCUA	John Fairbanks	(703) 518-6336

FDIC: PR-132-2012

[1]Note, however, that if a withdrawal is permitted within six days after the date of deposit without an early withdrawal penalty, that deposit should not be reported as a time deposit, but as either a savings deposit, if it meets the requirements for such deposits, or a transaction account deposit.

[2]Federal credit unions are not subject to CRA requirements.