Financial Institution Letters
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## Supervisory Practices Regarding Depository Institutions and Borrowers Affected by Severe Storms, Flooding, Landslides, and Mudslides in Areas of Colorado

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of severe storms, flooding, landslides, and mudslides on customers and operations of financial institutions in certain areas of Colorado and will provide regulatory assistance to institutions subject to its supervision. These initiatives will provide regulatory relief and facilitate recovery. The FDIC encourages depository institutions in the affected areas to meet the financial services needs of their communities.

The affected areas in Colorado are Adams, Boulder, Larimer, and Weld counties.

**Lending:** Bankers should work constructively with borrowers in communities affected by the severe weather. The FDIC realizes that the effects of natural disasters on local businesses and individuals are often temporary, and prudent efforts to adjust or alter terms on existing loans in affected areas should not be subject to examiner criticism. In supervising institutions affected by the severe weather, the FDIC will consider the unusual circumstances they face. The FDIC recognizes that efforts to work with borrowers in communities under stress can be consistent with safe-and-sound banking practices as well as in the public interest[1] .

**Community Reinvestment Act (CRA):** Financial institutions 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 at Section 12(g)(4)(ii). For help in identifying community development activities to revitalize or stabilize a disaster area, financial institutions can contact their regional Community Affairs Office (see http://www.fdic.gov/consumers/community/offices.html).

**Investments:** Bankers should monitor municipal securities and loans affected by the severe weather. The FDIC realizes local government projects may be negatively affected. Appropriate monitoring and prudent efforts to stabilize such investments are encouraged.

**Reporting Requirements:** FDIC-supervised institutions affected by the severe weather should notify the Dallas Regional Office if they expect a delay in filing Reports of Income and Condition or other reports. The FDIC will evaluate any causes beyond the control of a reporting institution when considering the length of an acceptable delay.

**Publishing Requirements:** The FDIC understands the damage caused by the severe weather may affect compliance with publishing and other requirements for branch closings, relocations, and temporary facilities under various laws and regulations. Banks experiencing disaster-related difficulties in complying with any publishing or other requirements should contact the Dallas Regional Office.

**Consumer Laws:** Regarding consumer loans, Regulation Z provides consumers an option to waive or modify the three-day rescission period when a "bona fide personal financial emergency" exists. To exercise this option, the consumer must provide the lender with a statement describing the emergency in accordance with the regulation.

**Temporary Banking Facilities:** The Dallas Regional Office will expedite any request to operate temporary banking facilities by an institution whose offices have been damaged or that desires to provide more convenient availability of services to those affected by the severe weather. In most cases, a telephone notice to the FDIC will suffice initially. Necessary written notification can be submitted later.

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[1] Modifications of existing loans should be evaluated individually to determine whether they represent troubled debt restructurings (TDRs). This evaluation should be based on the facts and circumstances of each borrower and loan, which requires judgment, as not all modifications are TDRs.