

**SUPERVISORY PRACTICES REGARDING DEPOSITORY INSTITUTIONS AND BORROWERS
AFFECTED BY HURRICANE DAMAGE ON THE GULF COAST**

The Federal Deposit Insurance Corporation recognizes the serious impact of Hurricane Opal on the operations of financial institutions in Florida, Alabama and Georgia and will provide regulatory assistance to institutions subject to its supervision. These initiatives are being taken to provide regulatory relief and facilitate recovery. The FDIC encourages depository institutions in the affected disaster area to meet the financial services needs of their communities.

Lending. Lenders should work constructively with borrowers in communities affected by the hurricane. The agency realizes that the effects of such natural disasters on local businesses and individuals are often transitory, and that prudent efforts to adjust or alter terms on existing loans in areas affected by the hurricane should not be subject to examiner criticism. The FDIC in supervising institutions impacted by the disaster will take into consideration the unusual circumstances they face. The agency 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.

Loan Documentation. The FDIC reminds lenders of its program on documentation of loans to small and medium-sized businesses and farms. If an institution has adequate capital and is rated 1 or 2, it may designate a basket of loans that examiners will evaluate solely on the basis of performance and will be exempt from criticism for documentation. The program also extends to certain 3-rated institutions. Lenders may discuss the details of the policy with the Atlanta regional office.

Reporting Requirements. Institutions affected by the hurricane should notify the Atlanta regional office if they expect a delay in filing their quarterly Reports of Income and Condition (Call Reports), or other reports. The FDIC will take into consideration any causes beyond the control of a reporting institution in considering how long a delay in filing can be accepted.

Publishing Requirements. The agency understands that the hurricane may affect compliance with publishing and other requirements for branch closings, relocations and temporary facilities under various laws and regulations. Institutions that have hurricane-related difficulties in complying with any publishing or other requirements should contact the Atlanta regional office.

Consumer Laws. 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.

For guidance on these and related matters, please contact the Atlanta regional office at (404) 817-1300.