

**SUPERVISORY PRACTICES REGARDING
DEPOSITORY INSTITUTIONS AND BORROWERS AFFECTED
BY FLOODING IN THE WESTERN STATES**

The Federal Deposit Insurance Corporation recognizes the serious impact of flooding in the western states on the operations of financial institutions 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 areas to meet the financial service needs of their communities.

Lending. Bankers should work constructively with borrowers in communities affected by the flooding. 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 flooding should not be subject to examiner criticism. In supervising institutions impacted by the disaster, the FDIC 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.

Reporting Requirements. FDIC-supervised institutions affected by the flooding should notify the San Francisco Regional Office if they expect a delay in filing their 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 FDIC understands that the flooding may affect compliance with publishing and other requirements for branch closings, relocations and temporary facilities under various laws and regulations. Banks that have flood-related difficulties complying with any publishing or other requirements should contact the FDIC's San Francisco 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.

For guidance on these and related matters, please contact the FDIC Division of Supervision's San Francisco Regional Office at (415) 546-0160.