



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, DC 20429

Division of Supervision

Regulatory Relief

FIL-85-98
August 14, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Agricultural Loans in Areas Affected by the Drought in Texas and Oklahoma*

The Federal Deposit Insurance Corporation (FDIC) is encouraging banks to work constructively with agricultural borrowers affected by the severe drought in Texas and Oklahoma.

The FDIC recognizes that the effects of 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 drought should not be subject to examiner criticism. In supervising institutions impacted by the drought, the FDIC will take into consideration the unusual circumstances these institutions 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.

For guidance on these and related matters, please contact the Dallas Regional Office at (214) 754-0098.

Nicholas J. Ketcha Jr.
Director

Distribution: All FDIC-Supervised Institutions in Texas and Oklahoma

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (800-276-6003 or (703) 562-2200).