



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

Division of Supervision

Regulatory Relief

FIL-91-99
September 23, 1999

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *Steps to Help Rebuild Areas Affected by Hurricane Floyd*

The Federal Deposit Insurance Corporation (FDIC) has announced a series of steps intended to facilitate the process of rebuilding areas along the East Coast of the United States damaged by Hurricane Floyd.

As noted in the attached guidelines, the FDIC is encouraging banks to work constructively with borrowers who are experiencing difficulties due to conditions beyond their control. The guidelines suggest that extending repayment terms, restructuring existing loans or easing terms for new loans, if done in a manner consistent with sound banking practices, can both contribute to the health of the community and serve the long-term interests of the lending institution. The guidelines also address other types of regulatory relief.

For guidance on these and related matters, please contact the FDIC's:

- Atlanta Regional Office at (404) 817-1300,
- Boston Regional Office at (781) 794-5500, or
- New York Regional Office at (212) 704-1200.

James L. Sexton
Director

Attachment

Distribution: FDIC-Supervised Banks

NOTE: Paper copies of FDIC financial institutions 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).

SUPERVISORY PRACTICES REGARDING DEPOSITORY INSTITUTIONS AND BORROWERS AFFECTED BY HURRICANE DAMAGE

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of hurricane damage 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 hurricane. The FDIC 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. 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 hurricane should notify their 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 of a filing delay will be acceptable.

Publishing Requirements. The FDIC understands that the damage caused by the hurricane may affect compliance with publishing and other requirements for branch closings, relocations and temporary facilities under various laws and regulations. Banks that have hurricane-related difficulties complying with any publishing or other requirements should contact the appropriate 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.