



**Federal Deposit Insurance Corporation**  
550 17th Street NW, Washington, D.C. 20429-9990

**Financial Institution Letter**  
**FIL-29-2007**  
**March 27, 2007**

## **REGULATORY RELIEF**

### **Guidance to Help Financial Institutions and to Facilitate Recovery in Alabama and Georgia**

**Summary:** The Federal Deposit Insurance Corporation (FDIC) has announced a series of steps intended to provide regulatory relief to financial institutions and to facilitate recovery in counties affected by severe storms and tornadoes in Georgia and Alabama.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)  
in Alabama and Georgia

**Suggested Routing:**

Chief Executive Officer  
Compliance Officer  
Chief Lending Officer

**Related Topics:**

Lending  
Investments  
Publishing Requirements  
Consumer Laws

**Attachment:**

Supervisory Practices Regarding Depository  
Institutions and Borrowers in Areas Affected by  
Severe Storms and Tornadoes in Alabama and  
Georgia

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**Note:**

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[www.fdic.gov/news/news/financial/2007/index.html](http://www.fdic.gov/news/news/financial/2007/index.html).

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Information Center, 3501 Fairfax Drive, E-1002,  
Arlington, VA 22226 (1-877-275-3342 or 703-562-  
2200).

**Highlights:**

- Severe thunderstorms and tornadoes have resulted in significant damage in Sumter County, Georgia, and Coffee County, Alabama.
- The FDIC is encouraging banks to work constructively with borrowers who are experiencing difficulties beyond their control because of damage caused by the storms.
- Extending repayment terms, restructuring existing loans or easing terms for new loans, if done in a manner consistent with sound banking practices, can contribute to the health of the community and serve the long-term interests of the lending institution.
- The FDIC will also consider regulatory relief from certain filing and publishing requirements.

## **SUPERVISORY PRACTICES REGARDING DEPOSITORY INSTITUTIONS AND BORROWERS IN COFFEE COUNTY, ALABAMA, AND SUMTER COUNTY, GEORGIA, AFFECTED BY SEVERE STORMS AND TORNADOES**

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of the recent severe storms and tornadoes in certain parts of Georgia and Alabama 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 declared disaster areas to meet the financial service needs of their communities.

**Lending.** Bankers should work constructively with borrowers in communities affected by the storms. The FDIC realizes that the effects 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 storms should not be subject to examiner criticism. In supervising institutions impacted by the disasters, the FDIC will take into consideration the unusual circumstances the institutions 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.

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

**Reporting Requirements.** FDIC-supervised institutions operating in declared disaster areas should notify their FDIC 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 determining an acceptable filing delay.

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