



Federal Deposit Insurance Corporation  
550 17th Street NW, Washington, D.C.

Financial Institution Letter  
FIL-10-2009  
February 6, 2009

## REGULATORY RELIEF

### Guidance to Help Financial Institutions and Facilitate Recovery in Areas of Kentucky and Arkansas Affected by Severe Winter Weather

**Summary:** The Federal Deposit Insurance Corporation (FDIC) has announced a series of steps intended to provide regulatory relief to financial institutions and facilitate recovery in areas of Kentucky and Arkansas affected by recent severe weather.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)  
in Kentucky and Arkansas

**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 Affected By Severe  
Winter Weather in Kentucky and Arkansas

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**Highlights:**

- Severe winter weather has caused significant property damage and long-term power outages in areas of Kentucky and Arkansas.
- Federal disasters were declared on January 28, 2009, for selected counties in Kentucky and Arkansas.
- The FDIC is encouraging banks to work constructively with borrowers experiencing difficulties beyond their control because of damage caused by the severe winter weather.
- 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 also will consider regulatory relief from certain filing and publishing requirements.

**Note:**

FDIC financial institution letters (FILs) may be accessed from the FDIC's Web site at [www.fdic.gov/news/news/financial/2009/index.html](http://www.fdic.gov/news/news/financial/2009/index.html).

To receive FILs electronically, please visit <http://www.fdic.gov/about/subscriptions/fil.html>.

Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

## **Supervisory Practices Regarding Depository Institutions and Borrowers Affected By Severe Winter Weather in Kentucky and Arkansas**

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of the recent severe winter storms on the customers and operations of financial institutions in Kentucky and Arkansas and will provide regulatory assistance to institutions subject to its supervision. These initiatives will provide regulatory relief and facilitate recovery. The FDIC encourages depository institutions in the affected disaster areas to meet the financial services needs of their communities.

The affected areas in Kentucky are the counties of Allen, Anderson, Ballard, Barren, Bath, Bourbon, Boyd, Boyle, Breathitt, Breckinridge, Bullitt, Butler, Caldwell, Calloway, Campbell, Carlisle, Carroll, Carter, Christian, Clark, Clay, Crittenden, Daviess, Edmonson, Elliott, Estill, Fayette, Fleming, Floyd, Franklin, Fulton, Garrard, Grant, Graves, Grayson, Green, Greenup, Hancock, Hardin, Harrison, Hart, Henderson, Hickman, Hopkins, Jackson, Jefferson, Jessamine, Johnson, Larue, Lawrence, Lee, Lewis, Lincoln, Livingston, Logan, Lyon, Madison, Magoffin, Marion, Marshall, Martin, Mason, McCracken, McLean, Meade, Menifee, Mercer, Metcalfe, Montgomery, Morgan, Muhlenberg, Nelson, Nicholas, Ohio, Oldham, Owen, Owsley, Pendleton, Perry, Powell, Rowan, Robertson, Scott, Shelby, Spencer, Todd, Trigg, Union, Warren, Washington, Webster, Wolfe, and Woodford.

The affected areas in Arkansas are the counties of Baxter, Benton, Boone, Carroll, Clay, Cleburne, Conway, Craighead, Crawford, Crittenden, Cross, Faulkner, Franklin, Fulton, Garland, Greene, Independence, Izard, Jackson, Johnson, Lawrence, Logan, Lonoke, Madison, Marion, Mississippi, Monroe, Montgomery, Newton, Perry, Poinsett, Polk, Pope, Prairie, Pulaski, Randolph, St. Francis, Saline, Scott, Searcy, Sebastian, Sharp, Stone, Van Buren, Washington, White, Woodruff, and Yell.

**Lending.** Bankers should work constructively with borrowers in communities affected by the severe winter weather. The FDIC realizes 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 affected areas should not be subject to examiner criticism. In supervising institutions impacted by the severe weather, the FDIC will consider the unusual circumstances they 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.

**Investments.** Bankers should monitor municipal securities and loans affected by the severe weather. 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 affected by the severe weather should notify their respective FDIC Regional Office if they expect a delay in filing their Reports of Income and Condition (Call Reports) or other reports. The FDIC will consider any

causes beyond the control of a reporting institution in determining the length of an acceptable filing delay.

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

**Temporary Banking Facilities.** The Chicago and Dallas Regional Offices will expedite any request to operate temporary banking facilities by an institution whose offices have been damaged or that wishes to provide more convenient availability of services to those affected by the severe winter weather. In most cases, a telephone notice to the Regional Office will suffice initially, and necessary written notification can be submitted later.