

SUPERVISORY PRACTICES REGARDING DEPOSITORY INSTITUTIONS AND BORROWERS AFFECTED BY THE SPILL OF NATIONAL SIGNIFICANCE IN THE GULF COAST REGION

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of the recent Spill of National Significance (SONS) on the customers of financial institutions in the Gulf Coast Region 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 areas to meet the financial services needs of their communities.

Lending. Bankers should work constructively with borrowers in communities affected by the SONS. The FDIC realizes the effects of disasters on local businesses and individuals are often transitory, and 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 this oil spill, 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 disaster. The FDIC realizes that local government projects may be negatively impacted. Appropriate monitoring and prudent efforts to stabilize such investments are encouraged.

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.