



Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW, Washington, D.C.

Financial Institution Letter  
FIL-5-2011  
February 8, 2011

## REGULATORY RELIEF

### Guidance to Help Financial Institutions and Facilitate Recovery in Areas of New Jersey Affected by Severe Weather

**Summary:** The FDIC has announced a series of steps intended to provide regulatory relief to financial institutions and facilitate recovery in areas of New Jersey affected by a severe winter storm.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)  
in New Jersey

**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  
Weather in Areas of New Jersey

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**Note:**

FDIC financial institution letters (FILs) may be  
accessed from the FDIC's Web site at  
[www.fdic.gov/news/news/financial/2011/index.html](http://www.fdic.gov/news/news/financial/2011/index.html).

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

**Highlights:**

- A severe winter storm caused significant property damage in areas of New Jersey during the period of December 26–27, 2010.
- A federal disaster for selected areas in New Jersey was declared on February 4, 2011.
- The FDIC is encouraging banks to work constructively with borrowers experiencing difficulties beyond their control because of damage caused by the severe 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.

## **SUPERVISORY PRACTICES REGARDING DEPOSITORY INSTITUTIONS AND BORROWERS AFFECTED BY SEVERE WEATHER IN AREAS OF NEW JERSEY**

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of the severe winter storm on customers and operations of financial institutions in New Jersey 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.

The affected areas in New Jersey are the counties of Bergen, Burlington, Cape May, Essex, Hudson, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, and Union.

**Lending.** Bankers should work constructively with borrowers in communities affected by the severe weather. The FDIC realizes that the effects of natural 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 affected 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 local government projects may be negatively affected. Appropriate monitoring and prudent efforts to stabilize such investments are encouraged.

**Reporting Requirements.** FDIC-supervised institutions affected by the severe weather should notify the New York Regional Office if they expect a delay in filing Reports of Income and Condition or other reports. The FDIC will evaluate any causes beyond the control of a reporting institution when considering the length of an acceptable delay.

**Publishing Requirements.** The FDIC understands the 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 the New York 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 New York Regional Office will expedite any request to operate temporary banking facilities by an institution whose offices have been damaged or that desires to provide more convenient availability of services to those affected by the severe weather. In most cases, a telephone notice to the FDIC will suffice initially. Necessary written notification can be submitted later.