



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

**Financial Institution Letter**  
**FIL-95-2005**  
**September 21, 2005**

## **HURRICANE KATRINA**

### **Notification Requirements for Closing Branches in Hurricane-Impacted Areas**

**Summary:** Section 42 of the Federal Deposit Insurance Act requires institutions to provide certain advance notifications to their federal regulator and customers before permanently closing a branch. However, the FDIC understands that the severe damage caused by Hurricane Katrina may affect institutions' compliance with publishing and other requirements for branch closings.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)

**Suggested Routing:**

Chief Executive Officer  
Compliance Officer

**Related Topics:**

Branch closures

**Attachment:**

None

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**Highlights:**

- Before an FDIC-insured financial institution can close a branch, Section 42 of the Federal Insurance Act requires it to:
  - Provide its federal regulator a 90-day advance notice of a proposed branch closing;
  - Mail to customers of that branch a notice at least 90 days before the scheduled closing; and
  - Place a conspicuous notice at the affected branch at least 30 days before the scheduled closing.
- However, if a financial institution's branch ceases operation because of an event beyond the institution's control, the financial institution should inform its federal regulator and its customers, to the best of its ability, as soon as possible after making the decision to close an office.
- Examples of methods to notify customers include posting a notice of the branch closing on the bank's Web site, sending written notice of the branch closing to customers electronically or in monthly statements when able to do so, or contacting customers by phone.

