



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

Financial Institution Letter
FIL-68-2007
August 14, 2007

REGULATORY RELIEF

Guidance to Help Financial Institutions and to Facilitate Recovery in Storm- and Flood-Affected Areas of Texas and Oklahoma

Summary: In an update to FIL-61-2007, dated July 6, 2007, 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 additional areas of Texas and Oklahoma that are suffering from storms and flooding.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)
in Texas and Oklahoma

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 Flooding in Oklahoma and Texas

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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/2007/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).

Highlights:

- Severe storms, tornadoes and flooding have caused significant damage to areas of Texas and Oklahoma.
- In Texas, 33 counties have now been declared federal disaster areas, with the addition of Guadalupe, Henderson, Nueces, Van Zandt, Walker and Zavala counties on August 7, 2007.
- In Oklahoma, 17 counties have been declared federal disaster areas, with the addition of Logan, Payne, Pontotoc, Ottawa, Seminole and Washington counties on July 7, 2007.
- The FDIC is encouraging banks to work constructively with borrowers who are experiencing difficulties beyond their control because of damage caused by the storms and floods.
- 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 for banks in the affected areas.

**SUPERVISORY PRACTICES REGARDING DEPOSITORY
INSTITUTIONS AND BORROWERS IN AREAS AFFECTED
BY SEVERE STORMS AND FLOODING IN TEXAS AND OKLAHOMA**

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of the storms and flooding in Texas and Oklahoma 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 disaster areas to meet the financial service needs of their communities.

Lending. Bankers should work constructively with borrowers in communities affected by the storms and flooding. 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 and floods should not be subject to examiner criticism. In supervising institutions impacted by the disaster, 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 extended in areas 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.

Reporting Requirements. FDIC-supervised institutions operating in the declared disaster areas should notify the FDIC's Dallas 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 disaster 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 the FDIC's Dallas 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.