



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

Financial Institution Letter
FIL-75-2007
September 4, 2007

REGULATORY RELIEF

Guidance to Help Financial Institutions and to Facilitate Recovery in Storm- and Flood-Affected Areas of Minnesota, Wisconsin and Ohio

Summary: 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 areas of Minnesota, Wisconsin and Ohio that have suffered major damage from storms and flooding.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)
in Minnesota, Wisconsin and Ohio

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 Minnesota,
Wisconsin and Ohio

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Note:

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Information Center, 3501 Fairfax Drive, E-1002,
Arlington, VA 22226 (1-877-275-3342 or 703-562-
2200).

Highlights:

- Severe storms and flooding have caused significant damage to areas of Minnesota, Wisconsin and Ohio.
- In Minnesota, the counties of Fillmore, Houston, Winona, Olmsted, Steele, Wabasha and Dodge have been declared federal disaster areas.
- In Wisconsin, the counties of Crawford, La Crosse, Richland, Sauk and Vernon have been declared federal disaster areas.
- In Ohio, the counties of Allen, Crawford, Hancock, Putnam, Richland and Wyandot have been declared federal disaster areas.
- 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 MINNESOTA, WISCONSIN AND OHIO

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of the storms and flooding in Minnesota, Wisconsin and Ohio 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 in Minnesota should notify the FDIC Kansas City Regional Office if they expect a delay in filing their Reports of Income and Condition (Call Reports) or other reports. FDIC-supervised institutions operating in the declared disaster areas in Wisconsin and Ohio should notify the FDIC Chicago Regional Office if they expect a delay in filing their 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 recent 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 Kansas City Regional Office (for Minnesota) or the Chicago Regional Office (for Wisconsin and Ohio).

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.