



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

Financial Institution Letter  
FIL-12-2010  
April 1, 2010

## REGULATORY RELIEF

### Guidance to Help Financial Institutions and Facilitate Recovery in the Areas of Rhode Island and Massachusetts Affected by Severe Storms and Flooding

**Summary:** The FDIC has announced a series of steps intended to provide regulatory relief to financial institutions and facilitate recovery in the areas of Rhode Island and Massachusetts affected by severe storms and flooding.

**Distribution:**

FDIC-Supervised Banks (Commercial and Savings)  
in the Rhode Island and Massachusetts

**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 Storms and Flooding in Areas of Rhode Island and Massachusetts.

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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/2010/index.html](http://www.fdic.gov/news/news/financial/2010/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 and flooding that began on March 12, 2010, have caused significant property damage in areas of Rhode Island and Massachusetts.
- Federal disasters were declared on March 29, 2010, for selected counties in Rhode Island and Massachusetts.
- 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 STORMS AND FLOODING IN AREAS OF RHODE ISLAND AND MASSACHUSETTS**

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of the recent severe storms and flooding on the customers and operations of financial institutions in Rhode Island and Massachusetts 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 Rhode Island are Kent, Newport, Providence and Washington counties.

The affected areas in Massachusetts are Bristol, Essex, Middlesex, Norfolk, Plymouth, Suffolk and Worcester counties.

**Lending.** Bankers should work constructively with borrowers in communities affected by the severe storms and flooding. The FDIC realizes 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 impacted 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 storms and flooding. 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 affected by the severe weather should notify the Boston Area 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 storms and flooding 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 Boston Area 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 Boston Area 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 storm and flooding. In most cases, a telephone notice to the FDIC will suffice initially, and necessary written notification can be submitted later.