

SUPERVISORY PRACTICES REGARDING DEPOSITORY INSTITUTIONS AND BORROWERS AFFECTED BY FLOODING IN AREAS OF NORTH DAKOTA

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of the recent flooding on the customers and operations of financial institutions in North Dakota 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 North Dakota are Barnes, Benson, Cass, Dickey, Emmons, Foster, Grand Forks, LaMoure, Logan, Mercer, Morton, Nelson, Pembina, Ramsey, Ransom, Richland, Sargent, Steele, Stutsman, Traill, Walsh and Wells counties and portions of the Spirit Lake Reservation that lie within these counties.

Lending. Bankers should work constructively with borrowers in communities affected by the 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 flooding, 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 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 Kansas City 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 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 Kansas City 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 Kansas City 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

flooding. In most cases, a telephone notice to the FDIC will suffice initially, and necessary written notification can be submitted later.