



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

**Financial Institution Letter**  
**FIL-25-2008**  
**March 27, 2008**

## **REGULATORY RELIEF**

### **Guidance to Help Financial Institutions and to Facilitate Recovery in Areas of Missouri Affected by Severe Storms and Flooding**

**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 Missouri affected by recent severe storms and flooding.

#### **Distribution:**

FDIC-Supervised Banks (Commercial and Savings) in Missouri

#### **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 Missouri.

#### **Contact:**

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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/2008/index.html](http://www.fdic.gov/news/news/financial/2008/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:**

- A Major Disaster Declaration has been issued for the following areas of Missouri due to severe flooding: Audrain, Barry, Barton, Boone, Bollinger, Butler, Callaway, Camden, Cape Girardeau, Carter, Cedar, Christian, Cole, Cooper, Crawford, Dade, Dallas, Dent, Douglas, Dunklin, Franklin, Gasconade, Greene, Hickory, Howard, Howell, Iron, Jasper, Jefferson, Laclede, Lawrence, Lincoln, Madison, Maries, McDonald, Miller, Mississippi, Montgomery, Moniteau, Morgan, New Madrid, Newton, Oregon, Osage, Ozark, Pemiscot, Perry, Phelps, Pike, Polk, Pulaski, Reynolds, Ripley, St. Charles, St. Clair, St. Francois, St. Louis, Ste. Genevieve, Shannon, Scott, Stoddard, Stone, Taney, Texas, Vernon, Warren, Washington, Wayne, Webster, and Wright counties, and in the independent city of St. Louis.
- Individuals and households in these areas may be eligible for federal assistance.
- The FDIC is encouraging financial institutions to work constructively with borrowers who are experiencing difficulties beyond their control because of damage caused by these disasters.
- 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 AFFECTED BY SEVERE STORMS AND FLOODING IN MISSOURI**

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of the recent storms and flooding in Missouri on the customers and 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 affected 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 of natural disasters on local businesses and individuals are often transitory, and that 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 storms and flooding, the FDIC will take into consideration 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.

**Reporting Requirements.** FDIC-supervised institutions affected by the disasters should notify the FDIC's Kansas City 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 considering how long of a filing delay will be acceptable.

**Publishing Requirements.** The FDIC understands that the damage caused by the storms and flooding 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 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 bank facilities by an institution whose offices have been damaged or that desires to provide more convenient availability of services to those affected by the disaster. In most cases, a telephone notice to the regional office will suffice initially, and necessary written notification can be submitted later.