



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

Financial Institution Letter
FIL-18-2009
April 20, 2009

REGULATORY RELIEF

Guidance to Help Financial Institutions and to Facilitate Recovery in Areas of North Dakota 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 North Dakota affected by recent severe storms and flooding.

Distribution:

FDIC-Supervised Banks (Commercial and Savings)
in North Dakota

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 North Dakota

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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/2009/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 13, 2009, have caused significant property damage in North Dakota.
- A federal disaster was declared on March 24, 2009, which was amended on April 10 to include individual assistance for the counties of Adams, Barnes, Billings, Burleigh, Cass, Dickey, Emmons, Foster, Grand Forks, Griggs, Hettinger, Kidder, LaMoure, Logan, McIntosh, Mercer, Morton, Nelson, Ransom, Richland, Sargent, Steele, Stutsman, Towner, Traill, and Williams.
- The FDIC is encouraging banks to work constructively with borrowers who are experiencing difficulties beyond their control because of damage caused by the severe storms and flooding.
- 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.

SUPERVISORY PRACTICES REGARDING DEPOSITORY INSTITUTIONS AND BORROWERS AFFECTED BY SEVERE STORMS AND FLOODING IN NORTH DAKOTA

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 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 severe 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 disaster, 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.

Investments. Bankers should monitor municipal securities and loans 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 affected by the severe storms and flooding should notify their FDIC 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 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 that have disaster-related difficulties in complying with any publishing or other requirements should contact their 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 severe

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