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

Financial Institution Letter
FIL-46-2017
September 27, 2017

REGULATORY RELIEF

Guidance to Help Financial Institutions and Facilitate Recovery in Areas Affected by Hurricane Maria

Summary: The FDIC has announced a series of steps intended to provide regulatory relief to financial institutions and facilitate recovery in areas affected by Hurricane Maria.

Statement of Applicability to Institutions with Total Assets under $1 Billion: This Financial Institution Letter applies to all FDIC-supervised financial institutions.

Suggested Distribution:
FDIC-Supervised Banks (Commercial and Savings) in The Commonwealth of Puerto Rico and St. Croix, U.S. Virgin Islands

Suggested Routing:
Chief Executive Officer
Compliance Officer
Chief Lending Officer

Related Topics:
Lending
Investments
Publishing Requirements
Consumer Laws
Community Reinvestment Act

Attachments:
Supervisory Practices Regarding Depository Institutions and Borrowers Affected by Hurricane Maria and *Frequently Asked Questions for Bank Customers in Areas Affected by Hurricane Maria*

Contact:
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Note:
FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's website at https://www.fdic.gov/news/news/financial/2017/index.html.

To receive FILs electronically, please visit https://www.fdic.gov/about/subscriptions/fil.html.

Paper copies may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (877-275-3342 or 703-562-2200).

Highlights:

- Hurricane Maria caused significant property damage in the Commonwealth of Puerto Rico and St. Croix, U.S. Virgin Islands.
- A federal emergency was declared for selected areas in Puerto Rico and St. Croix on September 21, 2017. Additional designations may be made after damage assessments are completed in the affected areas. A current list of designated areas is available at www.fema.gov.
- The FDIC encourages banks to work constructively with customers experiencing difficulties beyond their control because of damage caused by Hurricane Maria.
- When consistent with safe-and-sound banking practices, these efforts may include waiving fees, increasing ATM cash limits, easing credit card limits, allowing loan customers to defer or skip payments, and delaying the submission of delinquency notices to credit bureaus.
- 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 encourages depository institutions to use non-documentary verification methods permitted by the Customer Identification Program requirement of the Bank Secrecy Act for affected customers who cannot provide standard identification documents.
- Banks may receive favorable Community Reinvestment Act (CRA) consideration for community development loans, investments, and services in support of disaster recovery.
- The FDIC also will consider regulatory relief from certain filing and publishing requirements.

SUPERVISORY PRACTICES REGARDING DEPOSITORY INSTITUTIONS AND CUSTOMERS AFFECTED BY HURRICANE MARIA

The Federal Deposit Insurance Corporation (FDIC) recognizes the serious impact of Hurricane Maria on customers and operations of financial institutions 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.

A complete list of the designated disaster areas can be found at www.fema.gov.

Prudent Relief Efforts
Prudent efforts by depository institutions to meet customers' cash and financial needs generally will not be subject to examiner criticism. When consistent with safe and-sound banking practices, these efforts may include:

- Waiving ATM fees for customers and non-customers
- Increasing ATM daily cash withdrawal limits
- Waiving overdraft fees
- Waiving early withdrawal penalties on time deposits
- Waiving availability restrictions on insurance checks
- Easing restrictions on cashing out-of-state and non-customer checks
- Easing credit card limits and credit terms for new loans
- Allowing loan customers to defer or skip some payments
- Waiving late fees for credit card and other loan balances
- Delaying the submission of delinquency notices to the credit bureaus

Financial institutions should ensure that modifications of existing loans are evaluated individually to determine whether they require financial reporting as troubled debt restructurings (TDRs). This evaluation should be based on the facts and circumstances of each borrower and loan; this requires judgment since not all modifications are TDRs. Financial institutions should refer to the instructions for the Consolidated Reports of Condition and Income (for banks and savings associations); Accounting Standards Codification Subtopic 310-40, "Receivables – Troubled Debt Restructurings by Creditors;" and other supervisory guidance for the accounting and reporting of TDRs.

Community Reinvestment Act (CRA): Financial institutions may receive CRA consideration for community development loans, investments, or services that revitalize or stabilize federally designated disaster areas in their assessment areas or in the states or regions that include their assessment areas. For additional information, institutions should review the *Interagency Questions and Answers Regarding Community Reinvestment* at https://www.ffiec.gov/cra/pdf/2010-4903.pdf, at Section_12(g)(4)(ii). For help in identifying community development activities to revitalize or stabilize a disaster area, financial institutions can contact their regional Community Affairs Officer (see https://www.fdic.gov/consumers/community/offices.html).

Investments: Bankers should monitor municipal securities and loans affected by the hurricane. The FDIC realizes local government projects may be negatively affected. Appropriate monitoring and prudent efforts to stabilize such investments are encouraged.

Reporting Requirements: FDIC-supervised institutions affected by the severe weather should notify the FDIC New York 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 that the damage caused by the hurricane 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 FDIC New York 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 FDIC New York 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 hurricane. In most cases, a telephone notice to the FDIC will suffice initially. Necessary written notification can be submitted later.

Customer Identification

Under the Customer Identification Program requirement of the Bank Secrecy Act, depository institutions must obtain, at a minimum, an individual's name, address, date of birth, and taxpayer identification number or other acceptable identification number before opening an account. The FDIC encourages depository institutions to be reasonable in their approach to verifying the identity of individuals temporarily displaced by Hurricane Maria.

Recognizing the urgency of this situation, the FDIC encourages depository institutions to use non-documentary verification methods permitted by the Customer Identification Program requirement of the Bank Secrecy Act for affected customers who cannot provide standard identification documents. Moreover, the regulation provides that verification of identity may be completed within a reasonable time after the account is opened. A depository institution in an affected area, or dealing with new customers from the affected area, may amend its Customer Identification Program immediately and obtain required board approval for program changes as soon as practicable.

The FDIC notes that the measures detailed above could help customers recover financial strength and contribute to the health of the local community and the long-term interests of depository institutions and their customers when undertaken in a prudent manner. The FDIC recognizes that the needs and situation of each financial institution and its community and customers are unique. The actions above may not be feasible or desirable for all depository institutions and many institutions may provide additional services from those identified.

Monitoring

The FDIC will continue to closely monitor the situation and provide additional guidance, as required, to help address the needs of depository institutions and their customers. Institutions requiring assistance in dealing with customers affected by Hurricane Maria should contact their primary supervisors.