FDIC

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

Financial Institution Letter
FIL-38-2017
August 29, 2017

Regulatory Relief

Meeting the Financial Needs of Customers Affected by Hurricane Harvey and its Aftermath

Summary: The FDIC encourages depository institutions to consider all reasonable and prudent steps to assist customers in communities affected by recent storms. The FDIC realizes that although the effects of natural disasters on local businesses and individuals can be devastating, they often are transitory. The FDIC recognizes that efforts to work with borrowers in the affected communities can be consistent with safe-and-sound banking practices and in the public interest.

Statement of Applicability to Institutions Under $1 Billion in Total Assets: This Financial Institution Letter applies to all FDIC-supervised institutions, including community banks.

Suggested Distribution:
FDIC-Supervised Banks (Commercial and Savings) in Texas and Louisiana.

Suggested Routing:
Chief Executive Officer
Chief Loan Officer
Compliance Officer

Related Topics:
Lessons Learned from Hurricane Katrina:
Preparing Your Institution for a Catastrophic Event

Attachments:
Meeting the Financial Needs of Customers Affected by Hurricane Harvey and *Frequently Asked Questions for Bank Customers in Areas Affected by Hurricane Harvey*

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/.

To receive FILs electronically, please visit https://www.fdic.gov/about/subscriptions/index.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 (877-275-3342 or 703-562-2200).

Highlights:

- The FDIC encourages depository institutions to consider all reasonable and prudent steps to assist customers in communities affected by recent storms.
- 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.
- 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.
- Prudent efforts by depository institutions to meet customers' cash and financial needs generally will not be subject to examiner criticism.
- Refer to the attached *Frequently Asked Questions for Bank Customers in Areas Affected by Hurricane Harvey* for more information
- Depository institutions can advise customers to contact the FDIC **toll free at 1-800-ASK-FDIC** or 1-877-275-3342 with questions about deposit insurance or accessing bank accounts.

Meeting the Financial Needs of Customers Affected by Hurricane Harvey

The FDIC encourages depository institutions to consider all reasonable and prudent steps to assist customers in communities affected by Hurricane Harvey. The FDIC realizes that although the effects of natural disasters on local businesses and individuals can be devastating, they often are transitory. The FDIC recognizes efforts to work with borrowers in the affected communities can be consistent with safe-and-sound banking practices and in the public interest.

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.

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/qnadoc.htm.*

The August 26, 2017, interagency *Statement on Supervisory Practices Regarding Financial Institutions and Borrowers Affected by Hurricane Harvey*, available at https://www.fdic.gov/news/news/press/2017/pr17064.html, encourages financial institutions to meet the financial needs of their customers in the affected communities.

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 Harvey.

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 Harvey should contact their primary supervisors.