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Office of Thrift Supervision

Department of the Treasury

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Replaced by OCC 2012-28.

September 9, 2008

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM: Timothy T. Ward, Deputy Director
Examinations, Supervision, and Consumer Protection

A handwritten signature in black ink that reads 'Timothy T. Ward'.

SUBJECT: Natural Disaster Preparedness

OTS regulated thrift institutions have discretion to make individual decisions whether to maintain or close business operations in the event of a natural disaster or other community emergency, including situations where an emergency is imminent. This is often a difficult decision in which the interests of employee and customer safety must be weighed against the needs and interests of customers in having access to their deposit funds in anticipation of, or following, a natural disaster or other emergency situation.

OTS encourages all thrifts operating in or extending services near areas affected by natural disasters to work with customers and affected communities by considering:

- Temporarily waiving late payment charges and early withdrawal of savings penalties;
- Offering prudent loans to help rebuild damaged property after assessing the current community credit needs;
- Expediting lending decisions when possible, consistent with safety and soundness principles;
- Restructuring borrowers' debt obligations, where appropriate, by altering or adjusting payment terms;
- State and federal guarantees and other means to help mitigate excessive credit risks; and
- All available programs offered by the Federal Home Loan Banks.

To facilitate rebuilding efforts in the areas affected by natural disasters, while maintaining standards of safety and soundness, OTS will:

- Consider granting emergency exceptions to applicable appraisal standards;
- Take into account an institution's disaster relief activities when evaluating the institution's CRA performance;
- Consider granting extensions of time for submissions of regulatory filing requirements;
- Work with institutions that experience sudden growth due to temporary deposits of insurance proceeds;

- Not criticize reasonable loan documentation deficiencies necessitated by thrift office relocation or personnel shortages during the period of recovery efforts;
- Temporarily waive the Qualified Thrift Lender requirements for institutions meeting their capital requirements in order to help rebuild businesses; and
- Consider accelerating procedures to approve temporary facilities so thrifts with destroyed or severely damaged facilities will be able to continue to serve their customers and communities.

OTS believes these measures will help borrowers affected by natural disasters recover their financial strength and place them in a better position to meet their financial obligations. These efforts will help revitalize affected communities and ensure the continued stability of thrift institutions involved in the recovery of areas affected by natural disasters.

Regional coalitions have been formed in several areas around the United States to facilitate the recovery of the financial services sector following a natural disaster or man-made attack. The coalitions facilitate information sharing with the government as well as strategic partners during a crisis and are open to all members of the financial services sector. A list of regional coalitions can be found at www.rpcfirst.org/partnerships/default.asp

Thrifts requiring assistance in working with customers in areas affected by natural disasters should contact their regional OTS office.