

IMMEDIATE BULLETIN

TO: ALL DEPOSITORY INSTITUTIONS

FROM: JOHN S. ALLISON

DATE: September 3, 2005

The Department of Banking and Consumer Finance (DBCFC) along with the Conference of State Bank Supervisors (CSBS) joined the federal banking regulators in urging depository institutions on Thursday to consider all reasonable and prudent steps to assist customers' cash and financial needs in areas affected by Hurricane Katrina. The agencies – Federal Reserve, FDIC, Office of the Comptroller of the Currency, Office of Thrift Supervision, and National Credit Union Administration -- are working with state regulatory agencies, financial industry trade groups, and affected financial institutions to identify customer needs and monitor institutions' restoration of services. Some of the potential prudent steps that depository institutions may take include waving automated teller machine fees for customers and non-customers, increasing ATM daily cash limits; easing restrictions on cashing out-of-state and non-customer checks; delaying delinquency notices to the credit bureaus and easing credit card limits and terms for new loans. The agencies, in consultation with Financial Crimes Enforcement Network, also encouraged depository institutions to be reasonable in their approach to verifying the identity of individuals temporarily displaced by Hurricane Katrina by using non-documentary verification methods for affected customers that may not be able to provide standard identification documents. The following is the text of that press release:

Joint Press Release

Board of Governors of the Federal Reserve System
Conference of State Bank Supervisors
Federal Deposit Insurance Corporation
National Credit Union Administration
Office of the Comptroller of the Currency
Office of Thrift Supervision

For Immediate Release

September 1, 2005

Agencies Encourage Insured Depository Institutions to Assist Displaced Customers

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision (the agencies), and the Conference of State Bank Supervisors are asking insured depository institutions to consider all reasonable and prudent steps to assist customers' and credit union members' cash and financial needs in areas affected by Hurricane Katrina. The agencies are working with state regulatory agencies,

financial industry trade groups, and affected financial institutions to identify customer needs and monitor institutions' restoration of services.

The agencies remind the public that deposit insurance is in full force and that money in FDIC- or NCUA-insured accounts is protected by federal deposit insurance. The agencies also note that a priority is to provide customer access to deposit accounts and other financial assets. Many financial institutions are implementing contingency plans, including procedures for consumers to have access to ATMs and use of their debit cards.

The financial services community through its various trade associations is working together to assist affected institutions. The agencies encourage financial institutions to assist affected institutions and consider all reasonable and prudent actions that could help meet the critical financial needs of their customers and their communities. To the extent consistent with safe and sound banking practices, such actions may include:

- Waiving ATM fees for customers and non-customers
- Increasing ATM daily cash withdrawal limits
- Easing restrictions on cashing out-of-state and non-customer checks
- Waiving overdraft fees as a result of paycheck interruption
- Waiving early withdrawal penalties on time deposits
- Waiving availability restrictions on insurance checks
- Allowing loan customers to defer or skip some payments
- Waiving late fees for credit card and other loan balances due to interruption of mail and/or billing statements or the customer's inability to access funds
- Easing credit card limits and credit terms for new loans
- Delaying delinquency notices to the credit bureaus

The agencies, in consultation with FinCEN, also encourage depository institutions to be reasonable in their approach to verifying the identity of individuals temporarily displaced by Hurricane Katrina. 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 Customer Identification Program requirement provides depository institutions with flexibility to design a program that uses documents, non-documentary methods, or a combination to verify a customer's identity. Moreover, the regulation provides that verification of identity may be completed within a reasonable time after the account is opened. Recognizing the urgency of this situation, the agencies encourage depository institutions to use non-documentary verification methods for affected customers that may not be able to provide standard identification documents, as permitted under the regulation. A depository institution in the 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 agencies note that these measures could help customers recover their financial strength and contribute to the health of the local community and the long-term interest of financial institutions and their customers when undertaken in a prudent manner. The agencies recognize 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 institutions and many institutions may provide additional services from those identified.

The agencies will continue to monitor closely the situation and needs of insured depository institutions and their customers and will provide additional guidance, as required, to help address those needs. Institutions in need of assistance in dealing with customers affected by the hurricane should contact their primary supervisors.

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Furthermore, DBCF is establishing web links to the FDIC and NCUA in order for consumers, bankers, and credit unions to get additional information on banking institutions and credit unions that have operations in the areas affected by Hurricane Katrina.

The links are as follows:

<http://www.fdic.gov/news/katrina/index.html>

<http://www.ncua.gov>

<http://www.freddiemac.com/singlefamily/relief.html>

<http://www.fanniemae.com/newsreleases/2005/3593.jhtml?p=Media&s=News+Releases>

http://www.sba.gov/disaster_recov/index.html