



**TO:** Chief Executive Officers of State-Chartered Financial Institutions

**FROM:** Rob Braswell, Commissioner *Robert M. Braswell*

**DATE:** March 5, 2007

**SUBJECT: Advisory on Storm Damage Impacting Southwest Georgia**

On March 1, 2007, several Counties in Southwest Georgia, including parts of Baker, Clay, Crawford, Columbus-Muscogee, McDuffie, Mitchell, Stewart, Sumter and Taylor Counties were damaged by significant tornado and related storm activity.

Georgia State-chartered financial institutions have the discretion to close business operations in the event of a natural disaster or other emergency, including situations where an emergency is imminent. Authority for emergency closings is provided pursuant to Official Code of Georgia § 7-1-111 and Rule 80-5-2-.02 of the Department of Banking and Finance. All financial institutions are reminded that current regulations provide for management to exercise its own discretion, with notification to the Department, in closing any institution for one business day (renewal for successive days) upon its determination that the safety of customers, employees or assets would be in jeopardy due to civil disorder, fire, acts of God, or similar circumstances which render the institution unable to conduct business in a safe and sound manner.

The decision to close operations 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.

This memorandum highlights the various interests that must be weighed in making a decision to close your offices, and also addresses disaster recovery and customer service issues.

While the Department is interested in monitoring the status of institutions within the impacted area, we are sensitive of the need for financial institutions to recover and meet the needs of their communities. During the initial period of recovery, the Department will work with our financial institutions to delay the scheduling of normal examination activities within the areas that have been most significantly impacted by these storms. The Department's examiners will give due consideration to modifications to existing loans in areas impacted by the damage from the storm.

The Department also encourages all financial institutions operating in or extending services near areas affected by the storm 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 the storms, while maintaining standards of safety and soundness, the Department will:

- Grant extensions of time for submission of regulatory filing requirements;
- Work with institutions that experience sudden growth due to temporary deposits of insurance proceeds;
- Allow reasonable loan documentation deficiencies necessitated by office relocation or personnel shortages during the period of recovery efforts; and,
- Accelerate procedures to approve temporary facilities so that institutions with destroyed or severely damaged facilities will be able to continue to serve their customers and communities.

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

Financial institutions requiring assistance in dealing with customers in areas affected by the storm should contact Director for Supervision Janet Blackmon at (770) 986-1627 or Deputy Commissioner for Supervision Grace Lurry at (770) 986-1646.