

Date: November 16, 2012

Statement on Supervisory Practices Regarding Financial Institutions and Borrowers Affected by Hurricane Sandy

The Consumer Financial Protection Bureau (CFPB) is issuing this statement to advise our supervised entities¹ that the CFPB encourages them to work with borrowers and other consumers affected by Hurricane Sandy. Like the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, the CFPB will provide regulatory flexibility to entities working with borrowers affected by the hurricane.

Working with Affected Borrowers and Other Consumers

Supervised entities that take reasonable steps to assist borrowers and other consumers affected by this disaster not only help promote recovery in impacted areas, but also act in the public interest.

Supervised entities, for example, can work with borrowers to extend the terms of repayment or otherwise restructure the borrower's debt obligation. Additionally, supervised entities can take steps to limit additional fees and charges, such as overdraft fees or late fees, during this time of recovery. Supervised entities may also ease documentation requirements or credit-extension terms for new loans to certain borrowers.² Such easing may help borrowers to recover their financial strength and place them in a better position to service their debts.

To help protect the interest of customers and communities in the affected areas, supervised entities should continue to be alert to indications of fraud and other criminal activities and report suspicious activity in accordance with existing protocols.

Truth in Lending Act

The Truth in Lending Act, and implementing Regulation Z, normally provides a consumer with the right to rescind certain credit obligations secured by the consumer's principal dwelling for three business days after becoming obligated. This brief three day waiting period required by statute gives consumers an opportunity to reflect on the loan terms before becoming finally committed to the transaction. However, consumers may modify or

¹ *Supervised entities* refers to the following entities supervised by the CFPB:

- Large insured depository institutions, large insured credit unions, and their affiliates (12 U.S.C. § 5515); and
- Certain non-depository consumer financial services companies (12 U.S.C. § 5514).

² Banking organizations should be mindful of guidance provided by their respective prudential regulator related to prudent banking practices.



Consumer Financial
Protection Bureau

waive their right to cancel a transaction to meet a “*bona fide* personal financial emergency.” In accordance with the regulation, consumers experiencing a *bona fide* personal financial emergency due to Hurricane Sandy may waive their right to rescind by providing a brief written, signed and dated statement referencing the emergency and indicating that they need the funds immediately.

For more information please contact CFPB_Supervision@cfpb.gov