



STATE OF ALABAMA
STATE BANKING DEPARTMENT

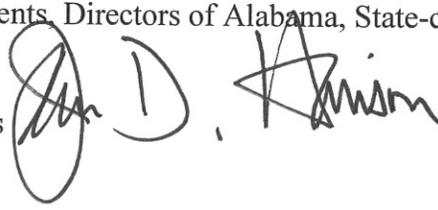


Robert Bentley
Governor

John D. Harrison
Superintendent of Banks

MEMORANDUM

TO: All CEO's, Bank Presidents, Directors of Alabama, State-chartered Banks

FROM: John D. Harrison
Superintendent of Banks 

DATE: May 10, 2011

RE: Assisting Alabamians with Recovery from Devastating Storm Damage

The Alabama State Banking Department ("SBD") is aware of the tremendous amount of devastation inflicted upon the people of Alabama as a result of the recent tornadoes, severe storms, and straight line winds. The SBD also recognizes that not all of these people are customers of banks in Alabama. The SBD strongly encourages all of the banks in the affected areas around the state to continue to meet the many financial needs of their customers, non-customers and communities.

The SBD strongly urges you to work constructively with your borrowers, customers, and non-customers as we begin to rebuild Alabama and its affected communities. Banks will need to provide cashing of FEMA checks (US Treasury), Red Cross vouchers and various other checks to assist individuals affected by the devastating storms as they begin cleanup and the process of putting their lives back together. Please also be mindful of those areas and customers hardest hit by considering waiving all check cashing fees and ATM fees, and consider lessening restrictions on cashing items for non-customers where possible. Also, banks should consider waivers of NSF, OD, and other fees on a case-by-case basis for customers impacted by the tornadoes.

Please try to make every effort to contact your customers, especially loan customers, to assist them and their individual circumstances. You may want to defer loan payments, waive late fees, reduce interest rates, etc., as you serve both your consumers, as well as your commercial customers.

Also, as we move forward, we recognize that our banks will have to play a key role in rebuilding our communities. While we have advised our banks to reduce their concentrations in commercial real estate ("CRE") and acquisition, development and construction ("ADC") loans throughout the real estate crisis, we now encourage our banks to provide prudent, nonspeculative construction financing to help rebuild homes and businesses devastated by these storms. This is

particularly the case regarding prudent construction loans that will turn into owner-occupied commercial real estate and enable businesses to reopen and our citizens to get back to work. As usual in looking at loans, we would ask that our banks demonstrate analysis of cash flow and repayment capacity; however, the fact that the loan is a “construction” loan will not in itself subject the bank to criticism. We merely ask that any bank concerned with this department’s response to increases in construction loan concentrations document that each loan’s purpose was to provide funds for rebuilding property damaged or destroyed by the storms.

We will work to arrange our examiners’ schedules to cause you the minimal amount of disruption consistent with staying focused on the mission of safety and soundness. We have instructed our examiners to follow this guidance and the regulatory relief guidance from the FDIC contained in FIL-32-2011.

If you have any problems, questions, or concerns please be in contact with SBD case managers or any of us in Montgomery.

The following counties have all been designated for disaster assistance to households and businesses as part of Alabama’s federal disaster declaration: Autauga, Bibb, Blount, Calhoun, Chambers, Cherokee, Chilton, Choctaw, Clarke, Colbert, Coosa, Cullman, DeKalb, Elmore, Etowah, Fayette, Franklin, Greene, Hale, Jackson, Jefferson, Lamar, Lauderdale, Lawrence, Limestone, Madison, Marengo, Marion, Marshall, Monroe, Morgan, Perry, Pickens, Shelby, Sumter, St. Clair, Talladega, Tallapoosa, Tuscaloosa, Washington, Walker, and Winston. This is a total of 42 counties designated for individual assistance as of the date of this memorandum. If additional counties are designated at a later date, this guidance will apply to banks in those additional counties.