

## Federal Reserve Release



# Press Release

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*Release Date: September 14, 2001*

## For immediate release

The Federal Reserve encourages state member banks and bank holding companies to work with customers who directly or indirectly have been affected by the events of September 11.

The Federal Reserve has had a longstanding policy of encouraging bankers to work flexibly with customers, whether companies or individuals, who have been affected by disasters. In particular, banking organizations are encouraged to take prudent steps to make credit available to sound borrowers, while taking into account current conditions in considering adjustments to the original terms and conditions of customers' loans or transactions.

Conducted in a prudent way, such practices are consistent with safe and sound banking practice and promote the public interest by assisting in recovery. Banking organizations can work cooperatively with their borrowers by, for example, extending the terms of repayment or otherwise restructuring the borrower's debt obligations. Such cooperative efforts can ease pressures on borrowers, improve their capacity to service debt, and strengthen the organization's ability to collect on its loans.

Organizations may also ease documentation requirements or credit-extension terms for new loans, consistent with prudent banking practices, and may consider providing additional time or grace periods before assessing late fees or initiating default or penalty pricing, particularly on consumer loans. Such easing should help to assist customers affected by temporary disruptions in the marketplace and transportation-related services.

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