



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING
HARRISBURG

THE SECRETARY

September 23, 2004

To: Chief Executive Officers of State Chartered Banks, Savings Banks, Savings and Loan Associations, and Credit Union Managers

As you know, the heavy rainfall and floods have had a profound impact upon many communities in Pennsylvania and their residents, local governments and businesses. If you are a leader of a financial institution serving those areas which have been particularly hard hit, you are well aware of the financial hardships imposed upon your customers by this devastation.

On behalf of Governor Edward G. Rendell, I encourage you to act with reasonable forbearance toward local governments, individuals and businesses which are experiencing financial difficulties due to the recent floods. Your willingness to extend loan terms or reduce monthly payments may preserve businesses and contribute to the ability of many individuals to survive this period of financial stress.

If loan payments are determined to be delinquent as a result of these emergencies, the Department will not adversely classify such loans during the next examination, as long as the loans are identified as weather impacted loans. The Department is working with federal regulators to encourage similar treatment by federal examiners.

With respect to new loans, I encourage you to meet the financing needs of local businesses, individuals and families victimized by the floods whenever reasonably possible. This may include providing lower interest rate loans to customers who need funds to start making repairs.

I am confident that you and your institution are and will be sensitive to the needs of your community during this period of difficulty and will prudently and thoughtfully do what is needed to ease the financial strains wherever possible. We appreciate and applaud your efforts.

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "A.W. Schenk III".