

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of	)	
	)	
PANHANDLE STATE BANK	)	
SANDPOINT, IDAHO	)	ORDER TO PAY
	)	
(Insured State Nonmember Bank)	)	FDIC-07-119k
	)	
_____	)	

Panhandle State Bank, Sandpoint, Idaho ("Bank"), has been advised of its right to receive a NOTICE OF ASSESSMENT OF CIVIL MONEY PENALTY, FINDINGS OF FACT AND CONCLUSIONS OF LAW, ORDER TO PAY, AND NOTICE OF HEARING ("NOTICE OF ASSESSMENT") issued by the Federal Deposit Insurance Corporation ("FDIC") detailing the violations for which a civil money penalty may be assessed against the Bank pursuant to the Flood Disaster Protection Act of 1973 ("Flood Act"), as amended, 42 U.S.C. § 4012a, section 8(i)(2) of the Federal Deposit Insurance Act ("FDI Act"), 12 U.S.C. § 1818(i)(2), and Part 339 of the FDIC Rules and Regulation, 12 C.F.R. Part 339 ("Part 339"), and has been further advised of its right to a hearing on the charges under the Flood Act, 42 U.S.C. § 4012a(f)(4), and Part 308 of the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308.

Having waived those rights, the Bank entered into a  
STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO PAY

("CONSENT AGREEMENT") with a representative of the Legal Division of the FDIC, whereby solely for the purpose of this proceeding and without admitting or denying any violations, the Bank consented and agreed to pay a civil money penalty in the amount of \$36,975.00 related to the violations of the Flood Act and Part 339. The FDIC has reason to believe that the Bank has violated the Flood Act and Part 339 in that: the Bank failed to place flood insurance on designated loans at the time of the origination of those loans, it failed to obtain adequate insurance on designated loans at the time of the origination and/or renewal of those loans, it failed to provide written notifications to borrowers concerning the availability of flood insurance, it failed to provide timely written notice to borrowers that collateral securing designated loans is located in a designated flood area, and it failed to follow forced-placement procedures upon becoming aware of either inadequate flood insurance coverage or the lack of flood insurance, as evidenced by the findings of the FDIC's Compliance Examination of the Bank as of August 1, 2006.

After taking into account the CONSENT AGREEMENT, the appropriateness of the penalty with respect to the financial resources and good faith of the Bank, the gravity of the violations by the Bank, the history of previous violations by the Bank, and such other matters as justice may require, the FDIC

accepts the CONSENT AGREEMENT and issues the following:

ORDER TO PAY

IT IS HEREBY ORDERED that Panhandle State Bank, Sandpoint, Idaho, be, and hereby is, assessed a civil money penalty of \$36,975.00 pursuant to the Flood Act, 42 U.S.C. § 4012a, section 8(i)(2) of the FDI Act, 12 U.S.C. § 1818(i)(2), and Parts 308 and 339 of the FDIC Rules and Regulations, 12 C.F.R. Parts 308 and 339. The Bank shall pay the civil money penalty to the Treasury of the United States.

This Order to Pay shall be effective upon issuance.

Pursuant to delegated authority.

Dated at Washington, D.C., this 12 day of September, 2007.

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Kristie K. Elmquist  
Acting Associate Director  
Division of Supervision  
and Consumer Protection