

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of)	
)	ORDER TO PAY
WESTERN STATE BANK)	CIVIL MONEY PENALTY
DEVILS LAKE, NORTH DAKOTA)	
)	FDIC-07-172k
(INSURED STATE NONMEMBER BANK))	
_____)	

WESTERN STATE BANK, DEVILS LAKE, NORTH DAKOTA ("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's Rules and Regulations, 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 CIVIL MONEY PENALTY ("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 of law, the Bank consented and agreed to pay a civil money penalty in the amount of

\$9,005 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:

- (a) It has made, increased, extended, or renewed loans secured by a building or mobile home located or to be located in a special flood hazard area without requiring that the collateral be covered by flood insurance, 12 C.F.R. § 339.3(a);
- (b) It has made, increased, extended, or renewed loans secured by a building or mobile home located or to be located in a special flood hazard area without requiring that the collateral be covered by sufficient flood insurance, 12 C.F.R. § 339.3(a);
- (c) It has failed to require the borrower to maintain sufficient flood insurance for the term of the loan, 12 C.F.R. § 339.3(a);
- (d) It has made, increased, extended or renewed loans secured by a building or mobile home located or to be located in a special flood hazard area without providing notice to the borrower and the servicer regarding the availability of flood insurance for the collateral, 12 C.F.R. § 339.9(a);
- (e) It failed to provide the required written flood notice to borrowers within a reasonable time before completion of the transaction, 12 C.F.R. § 339.9(c);
and
- (f) It has failed to force-place flood insurance in instances where the collateral was not covered by flood insurance and the borrower failed to purchase it within 45 days after notification, 12 C.F.R. § 339.7,

which violations were identified at the FDIC's October 23, 2006, examination.

After taking into account the CONSENT AGREEMENT, the appropriateness of the civil money 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 CIVIL MONEY PENALTY

IT IS HEREBY ORDERED that WESTERN STATE BANK, DEVILS LAKE, NORTH DAKOTA, be, and hereby is, assessed a civil money penalty of \$9,005 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's 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 Civil Money Penalty shall be effective upon its issuance.

Pursuant to delegated authority.

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

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

