

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of	)	
	)	
HIGHLAND BANK	)	ORDER TO PAY
ST. MICHAEL, MINNESOTA	)	CIVIL MONEY PENALTY
	)	
(Insured State Nonmember Bank)	)	FDIC-07-238k
_____	)	

Highland Bank, St. Michael, Minnesota ("Bank"), and a representative of the Federal Deposit Insurance Corporation ("FDIC") executed a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO PAY ("CONSENT AGREEMENT"), dated December 20, 2007, whereby the Bank, solely for the purpose of this proceeding and without admitting or denying any violations of law for which a civil money penalty may be assessed, consented and agreed to pay a civil money penalty of \$1,400 to the Treasury of the United States, pursuant to the Flood Disaster Protection Act ("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 Parts 308 and 339 of the FDIC Rules and Regulations, 12 C.F.R. Parts 308 and 339.

The civil money penalty in this action relates to the following:

- (a) The Bank 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); and

- (b) The Bank 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 furnishing a written notice to the borrower and to the servicer whether flood insurance is available under the Flood Act for the collateral securing the loan, 12 C.F.R. § 339.9(a);

which violations were identified at the FDIC's May 1, 2007, examination.

The FDIC considered the matter and determined it had reason to believe that the Bank has engaged or participated in violations of law or regulations for which a civil money penalty of \$1,400 is appropriate to be assessed against the Bank, 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.

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 any 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 Highland Bank, St. Michael, Minnesota, be, and hereby is, assessed a civil money penalty of \$1,400 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 Civil Money Penalty shall be effective upon its issuance.

Pursuant to delegated authority.

Dated at Washington, D.C., this 4<sup>th</sup> day of March, 2008.

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Scott D. Strockoz  
Acting Associate Director  
Division of Supervision and  
Consumer Protection