

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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| In the Matter of |) | |
| |) | |
| THE CITIZENS BANK |) | ORDER TO PAY |
| MOREHEAD, KENTUCKY |) | |
| |) | FDIC-09-181k |
| (Insured State Nonmember Bank) |) | |
| |) | |

The Citizens Bank, Morehead, Kentucky ("Respondent") has been advised that a penalty under the Flood Disaster Protection Act ("FDPA") as amended, 42 U.S.C. § 4012a(f), and Part 339 of the FDIC Rules and Regulations, 12 C.F.R. Part 339, may be issued only after a notice detailing the violations and an opportunity for a hearing on the record. Having waived those rights, the Respondent and a representative of the Legal Division of the Federal Deposit Insurance Corporation ("FDIC") executed a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO PAY ("CONSENT AGREEMENT") dated December 22, 2009, whereby Respondent, solely for the purpose of this proceeding and without admitting or denying any violation of law for which civil money penalties may be assessed, consented and agreed to pay a civil money penalty in the amount specified below to the Treasury of the United States.

The FDIC has reason to believe that the Respondent has violated the FDPA and Part 339 of the FDIC Rules and Regulations. Specifically, on loans secured by property located in flood hazard areas in which flood insurance has been made available under the National Flood Insurance Act of 1968, the Respondent violated:

- Section 339.3(a) of the FDIC Rules and Regulations, 12 C.F.R. § 339.3(a), by failing to obtain flood insurance at origination in ten instances;
- Section 339.3(a) of the FDIC Rules and Regulations, 12 C.F.R. § 339.3(a), by failing to obtain adequate flood insurance in one instance;
- Section 339.9(a) of the FDIC Rules and Regulations, 12 C.F.R. § 339.9(a), by failing to provide the required notice to borrowers in ten instances;

After taking into account the CONSENT AGREEMENT, the appropriateness of the penalty with respect to the financial resources and good faith of the Respondent, the gravity of the violations by the Respondent, the history of previous violations by the Respondent, 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 a civil money penalty of
\$4,700.00 be, and hereby is, assessed against Respondent
pursuant to the FDPA, 42 U.S.C. § 4012a, section 8(i)(2) of
the Federal Deposit Insurance 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 Respondent 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 Chicago, IL, this 19th day of January, 2010.

/s/

M. Anthony Lowe
Regional Director
Division of Supervision and
Consumer Protection