

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

IDAHO DEPARTMENT OF FINANCE

BOISE, IDAHO

_____)	
)	
In the Matter of)	
)	CONSENT ORDER
BANK OF IDAHO)	
IDAHO FALLS, IDAHO)	FDIC-10-072b
)	
(INSURED STATE NONMEMBER BANK))	
_____)	

The Federal Deposit Insurance Corporation (“FDIC”), under 12 U.S.C. § 1813(q)(3) is the appropriate Federal banking agency, and the Idaho Department of Finance (“IDF”) is the appropriate state banking agency for Bank of Idaho, Idaho Falls, Idaho (“Bank”) under Idaho Code § 26-1101 of the Idaho Bank Act.

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a “Stipulation to the Issuance of a Consent Order” (“Stipulation”), dated February 18, 2010, that is accepted by the FDIC and the IDF. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation, to the issuance of this Consent Order (“Order”) by the FDIC and the IDF pursuant to Section 8(b)(1) of the FDI Act.

Having determined that the requirements for issuance of an order under Section 8(b) of the FDI Act, 12 U.S.C. § 1818(b), and Idaho Code § 26-1115 have been satisfied, the FDIC and IDF hereby orders that:

1. As of the effective date of this Order, the Bank shall ensure that all mortgage loan transactions are conducted in conformance with Regulation X and the Real Estate Settlement Procedures Act (“RESPA”). The Bank shall further ensure that any “controlled business arrangement” conforms with Regulation X, RESPA and HUD’s Statement of Policy 1996-2, Sham Controlled Business Arrangements. In the event that the Bank wishes to enter into any “controlled business agreement” in the future, the Bank shall submit any plans for such agreement to the Regional Director of the FDIC’s San Francisco Regional Office (“Regional Director”) and the Director of the Idaho Department of Finance (“Director”) for review and approval prior to implementation. The Bank’s actions as required by this paragraph shall be satisfactory to the Regional Director and the Director as determined at subsequent examinations and/or visitations.

2. Within 30 days of the effective date of this Order, the Bank shall employ a consultant to conduct an independent review of all recent changes to the Bank’s business model including the addition of new product offerings. The consultant employed to conduct this independent review shall possess the qualifications and experience commensurate with conducting such a review and rendering a qualified report. The Bank’s actions as required by this paragraph shall be satisfactory to the Regional Director and the Director as determined at subsequent examinations and/or visitations.

3. The Board shall increase oversight of the Bank’s Compliance Management System (“CMS”) to a level appropriate for the institution. The Board shall take all appropriate steps to ensure that the staff and resources dedicated to compliance management are commensurate with the institution’s size and structure and that the senior compliance officer, together with all parties with compliance oversight responsibilities, receive the training,

resources, and authority necessary to effectively oversee the Bank's compliance with all relevant consumer protection laws and regulations.

4. Within 45 days of the effective date of this Order, the Bank shall develop, revise and implement compliance monitoring procedures to ensure compliance with all consumer protection regulations. At a minimum such monitoring procedures shall be sufficient to address and correct all areas of weakness identified in the ROE and preclude recurrence. The procedures and their implementation shall be satisfactory to the Regional Director and the Director as determined at subsequent examinations and/or visitations.

5. Within 45 days of the effective date of this Order, the Bank shall review, revise and implement audit practices and procedures to ensure sufficient audit coverage. Such practices and procedures shall demonstrate an appropriate depth of review and effective follow-up mechanisms to facilitate timely corrective action with an emphasis on eliminating the causes of errors to prevent future recurrences. These practices and procedures and their implementation shall be satisfactory to the Regional Director and the Director as determined at subsequent examinations and/or visitations.

6. Within 45 days of the effective date of this Order, the Bank shall develop or revise, adopt and implement a written compliance training program. Such training program shall ensure employees are provided with sufficient detailed guidance to correctly execute loan transactions. At a minimum such compliance training shall include:

(a) consumer compliance training for the Board and senior management to be conducted by individuals with sufficient knowledge and expertise to impart critical awareness of consumer compliance regulations pertaining to the Bank; and

(b) RESPA Section 8 training to the appropriate staff and the Board on a periodic basis.

The training program and its implementation shall be satisfactory to the Regional Director and the Director as determined at subsequent examinations and/or visitations.

7. Within 45 days of the effective date of this Order, the Bank shall correct all alleged violations cited in the ROE. Corrective action should include the identification and correction of the underlying weaknesses that allowed the alleged violations to occur, as well as the weaknesses in policies and procedures, monitoring, training, and the audit function that allowed alleged errors to remain undetected.

8. The Bank shall furnish a written progress report to the Regional Director and the Director within thirty (30) days after the end of each calendar quarter following the effective date of this Order, detailing the form and manner of all actions taken to secure compliance with the Order and the results of such actions.

The provisions of this Order shall not bar, estop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This Order will become effective upon its issuance by the FDIC and the IDF.

The provisions of this Order shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

//

//

The provisions of this Order shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this Order shall have been modified, terminated, suspended, or set aside by the FDIC and the IDF.

Issued pursuant to delegated authority

Dated at San Francisco, California, this 3rd day of March, 2010.

_____/s/_____
Frank A. Hartigan
Deputy Regional Director
Compliance Management
Division of Supervision and Consumer
Protection
San Francisco Region
Federal Deposit Insurance Corporation

_____/s/_____
Gavin M. Gee
Director
Idaho Department of Finance