

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of)	
TREATY OAK BANK)	
AUSTIN, TEXAS)	
(INSURED STATE NONMEMBER BANK))	
_____)	

ORDER TO PAY
CIVIL MONEY PENALTY
FDIC-10-863K

TREATY OAK BANK, AUSTIN, TEXAS (“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 section 4012a of the Flood Disaster Protection Act of 1973, as amended (“FDPA”), 42 U.S.C. § 4012a; section 4104a of the National Flood Insurance Act of 1967, as amended (“NFIA”), 42 U.S.C. § 4104a; 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 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 FDPA, 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, the Bank consented and agreed to pay a civil money penalty in the amount of **\$2,300.00** related to violations of the FDPA, the NFIA and Part 339. The FDIC has reason to believe that the Bank violated the FDPA, the NFIA and Part 339, as follows:

- Bank failed to obtain flood insurance coverage on loans secured by real estate located in an area determined by the Director of the Federal Emergency Management Agency to be located in a Special Flood Hazard Area (“Designated Loans”), in violation of 42 U.S.C. § 4012a(b)(1) and 12 C.F.R. § 339.3(a);
- Bank obtained flood insurance coverage on Designated Loans after the loan origination dates, in violation of 42 U.S.C. § 4012a(b)(1) and 12 C.F.R. § 339.3(a);
- Bank obtained inadequate amounts of flood insurance coverage on Designated Loans, in violation of 42 U.S.C. § 4012a(b)(1) and 12 C.F.R. § 339.3(a);
- Bank failed to provide flood insurance notices to borrowers with Designated Loans, in violation of 42 U.S.C. § 4104a(a)(1) and 12 C.F.R. § 339.9(a);
- Bank provided late flood insurance notices to borrowers with Designated Loans, in violation of 42 U.S.C. § 4104a(a)(1) and 12 C.F.R. § 339.9(c); and
- Bank failed to obtain acknowledgments of receipt of flood insurance notices from borrowers with Designated Loans, in violation of 42 U.S.C. § 4104a(a)(1) and 12 C.F.R. § 339.9(d).

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 CIVIL MONEY PENALTY

IT IS HEREBY ORDERED, that TREATY OAK BANK, AUSTIN, TEXAS, be, and hereby is, assessed a civil money penalty of **\$2,300.00**, pursuant to the FDPA, 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 issuance.

Pursuant to delegated authority.

Dated at Dallas, Texas, this 11th day of January, 2011.

/s/

Kristie K. Elmquist
Acting Regional Director
Dallas Regional Office
Division of Supervision and Consumer Protection