

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

	)	
In the Matter of	)	SUPERVISORY
	)	PROMPT CORRECTIVE
IDAHO FIRST BANK	)	ACTION DIRECTIVE
MCCALL, IDAHO	)	
	)	FDIC-10-557PCAS
(INSURED STATE NONMEMBER BANK)	)	
	)	

WHEREAS, Idaho First Bank, McCall, Idaho (the “Bank”) is an “undercapitalized” depository institution as that term is defined in Section 38(b)(1) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. §1831o(b)(1), and Section 325.103 of the Federal Deposit Insurance Corporation (“FDIC”) Rules and Regulations, 12 C.F.R. §325.103;

WHEREAS, the Bank entered into a Memorandum of Understanding (“MOU”) dated January 10, 2008 that required, *inter alia*, increased capital maintenance levels;

WHEREAS, a joint Report of Exam (“ROE”) by the FDIC and the Idaho Department of Finance dated July 6, 2010 found the Bank’s condition to be unsatisfactory and to merit the issuance of a Section 8(b) Consent Order;

WHEREAS, the Bank stipulated to a Consent Order on January 26, 2010, which became effective February 10, 2010 and replaced the MOU;

WHEREAS, pursuant to a letter dated May 2, 2010, the FDIC notified the Bank of its “undercapitalized” capital category as a result of its March 31, 2010 Call Report;

WHEREAS, pursuant to that May 2, 2010 letter, the FDIC notified the Bank that a Capital Restoration Plan needed to be filed by June 15, 2010;

WHEREAS, a targeted examination on May 24, 2010 identified that the Bank continued to operate unprofitably with ongoing asset deterioration;

WHEREAS, with the FDIC's permission, the Bank filed a Capital Restoration Plan on June 28, 2010;

WHEREAS, by letter dated August 5, 2010, the FDIC determined that the Capital Restoration Plan submitted on June 28, 2010 was unacceptable pursuant to Section 38(e)(2) of the Act, 12 U.S.C. § 1831o(e)(2), and Section 325.104 of the FDIC Rules and Regulations, 12 C.F.R. § 325.104;

WHEREAS, the Bank's condition continues to deteriorate;

WHEREAS, the Bank's management has not demonstrated the ability to return the Bank to a safe and sound condition;

WHEREAS, the Bank's capital levels and deteriorating condition and management's inability to return the Bank to a safe and sound condition require that prompt corrective action be taken immediately;

WHEREAS, the actions in this directive are necessary to carry out the purposes of Section 38 of the Act including Section 38(e)(5), 12 U.S.C. § 1831o(e)(5);

THEREFORE, the FDIC finds it necessary, in order to carry out the purposes of Section 38 of the Act, to issue this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE without providing notice as set forth in Section 308.201(a)(1) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. §308.201(a)(1), and hereby issues this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE pursuant to Section 38 of the Act, 12 U.S.C. §1831o, and Section 308.201(a)(2) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. §308.201(a)(2).

SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE

IT IS HEREBY DIRECTED, that the Bank shall take one or both of the following actions to recapitalize the Bank within 30 days:

1. The Bank shall sell enough voting shares or obligations of the Bank so that the Bank will be adequately capitalized after the sale; and/or
2. The Bank shall accept an offer to be acquired by a depository institution holding company or to combine with another insured depository institution;

FURTHER DIRECTED, that during the period this Directive is in effect, the bank shall refrain from accepting, renewing or rolling over any brokered deposits as defined in Section 337.6(a)(2) of the FDIC Rules and Regulations, 12 C.F.R. § 337.6(a)(2);

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall conform the interest rates paid on deposits to comply with the interest rate restrictions in Section 337.6 of the FDIC Rules and Regulations;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall restrict growth by ensuring that the average total assets during any calendar quarter do not exceed the average total assets during the preceding calendar quarter;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall refrain from making capital distributions or dividend payments to its parent or any affiliate of the Bank or its parent, and paying any bonuses to, or increasing the compensation of, any director or officer of the Bank without prior written approval from the FDIC. The term “capital distribution” shall be defined as at Section 38(b)(2)(B) of the Act (12 U.S.C. § 1831o(b)(2)(B));

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall

comply with Section 23A of the Federal Reserve Act as if subsection (d)(1) of that section (exempting transactions with certain affiliated institutions) did not apply;

FURTHER DIRECTED, that during the period this Directive is in effect, the Bank shall refrain from engaging in branching and shall request the FDIC's prior written approval to relocate, sell or dispose of any existing branch;

FURTHER DIRECTED, that the provisions of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall not affect the obligations of the Bank pursuant to any other action issued against the Bank by the FDIC; and

FURTHER DIRECTED, that this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall become effective immediately upon its receipt by the Bank.

Each provision of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Bank.

Each provision of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE shall remain effective and enforceable until the Bank has been adequately capitalized on average for four (4) consecutive calendar quarters, except to the extent that any provision shall be modified, terminated, suspended, or set aside by the FDIC.

The Bank may file a written appeal of this SUPERVISORY PROMPT CORRECTIVE ACTION DIRECTIVE within fourteen (14) calendar days from the date of the issuance of this Directive as provided in section 308.201(a)(2) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. §308.201(a)(2). The appeal shall be filed with Stan Ivie, Regional Director, Federal Deposit Insurance Corporation, San Francisco Regional Office, 25 Jessie Street at Ecker Square,

Suite 2300, San Francisco, California 94105, with a copy to Joseph J. Sano, Regional Counsel, Federal Deposit Insurance Corporation, San Francisco Regional Office, 25 Jessie Street at Ecker Square, Suite 1400, San Francisco, California 94105.

Pursuant to delegated authority.

Dated this 20th day of August, 2010.

/s/_____
J. George Doerr
Deputy Regional Director
Division of Supervision and Consumer Protection