

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of

**CHOICE FINANCIAL GROUP
GRAFTON, NORTH DAKOTA**

(Insured State Nonmember Bank)

ORDER TO PAY CIVIL MONEY PENALTY

FDIC-07-036k

Choice Financial Group, Grafton, North Dakota ("Bank") and a representative of the Federal Deposit Insurance Corporation ("FDIC") executed a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO PAY CIVIL MONEY PENALTY ("CONSENT AGREEMENT"), dated March 15, 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 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);
- (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 requiring that the collateral be covered by sufficient flood insurance, 12 C.F.R. § 339.3(a);
 - (c) The Bank has failed to require the borrower to maintain flood insurance for the term of the loan, 12 C.F.R. § 339.3(a);
 - (d) The Bank has failed to notify the borrower that the borrower should obtain flood insurance when it learned that a loan secured by a building or mobile home located or to be located in a special flood hazard area was not covered by flood insurance, 12 C.F.R. § 339.7;
 - (e) The Bank has made, increased, extended or renewed a loan secured by a building or mobile home located or to be located in a special flood hazard area without notifying the borrower and/or the servicer whether flood insurance is available for the collateral, 12 C.F.R. § 339.9(c); and
 - (f) The Bank has failed to maintain a record of the borrower's receipt of the notice regarding the availability of flood insurance, 12 C.F.R. § 339.9(d);

which violations were cited at the FDIC's February 13, 2006, 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 \$10,430 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 Choice Financial Group, Grafton, North Dakota, be, and hereby is, assessed a civil money penalty of \$10,430 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 1 day of May, 2007.

April A. Breslaw
Acting Associate Director
Division of Supervision and
Consumer Protection