

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

	)	
In the Matter of	)	CONSENT ORDER AND
	)	ORDER TO PAY CIVIL
FIRST TRUST & SAVINGS BANK	)	MONEY PENALTY
	)	
MOVILLE, IOWA	)	FDIC-13-0313b
	)	FDIC-13-0314k
(INSURED STATE NONMEMBER BANK)	)	
	)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency under Section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q), for First Trust & Savings Bank, Merville, Iowa (“Bank”).

The FDIC considered the matter and determined that the Bank has engaged in a pattern of discrimination on the basis of marital status in violation of the Equal Credit Opportunity Act, 15 U.S.C. § 1691 *et seq.*, and its implementing regulation, Regulation B, 12 C.F.R. Part 1002, by its use of a “Declaration of Partnership” in connection with certain loans.

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 AND ORDER TO PAY CIVIL MONEY PENALTY (“CONSENT AGREEMENT”), dated November 6, 2013. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any violations of law or regulation, to the issuance of this CONSENT ORDER AND ORDER TO PAY CIVIL MONEY PENALTY (“ORDER”) by the FDIC.

Having determined that the requirements for issuance of an order under sections 8(b) and 8(i) of the Act, 12 U.S.C. §§ 1818(b) and 1818(i), have been satisfied, the FDIC accepts the CONSENT AGREEMENT and issues the following:

CONSENT ORDER

IT IS HEREBY ORDERED that the Bank, its institution-affiliated parties, as that term is defined in 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from operating in violation of the Equal Credit Opportunity Act and Regulation B.

IT IS FURTHER ORDERED that the Bank, its institution-affiliated parties, as that term is defined in 12 U.S.C. § 1813(u), and its successors and assigns, shall take the following affirmative actions:

Correct Violations and Implement Procedures to Prevent Recurrence

1. Within 30 days of the effective date of this ORDER, conduct a file search to identify all active loans in connection with which a Declaration of Partnership form was executed by the borrowers.
2. For those loans identified in the file search, the Bank shall take the following actions by no later than March 31, 2014:
 - (a) determine whether the spouses intended to seek joint credit;
 - (b) as applicable loans mature, or are extended, renewed, or modified, or otherwise,
 - (i) expeditiously release from applicable credit obligations spouses who did not contemporaneously apply for or intend to seek joint credit, (ii) appropriately modify or re-execute the documentation for applicable credit obligations as needed, and (iii) conspicuously void and otherwise cease the use of each Declaration of Partnership; and
 - (c) provide spouses who did not contemporaneously apply for or intend to seek joint credit with a written notification of their release as obligors under the applicable credit

obligations, which shall also include a written advisement that he or she may have additional rights under Regulation B.

3. Ensure that Declaration of Partnership forms in inactive files or closed files are conspicuously voided as they are discovered and that no future loans are originated using a Declaration of Partnership.

4. In accordance with the time frames set forth in Paragraph 8 of this ORDER, provide a written report to the Regional Director of the FDIC's Kansas City Regional Office ("Regional Director") that includes the following:

- (a) a list of all existing loans in connection with which a Declaration of Partnership was executed by the borrowers;
- (b) a list of all persons released from their existing credit obligation(s);
- (c) a list of all persons not released from their existing credit obligation(s);
- (d) a description of the methodology used to conclude that Regulation B allowed the Bank to obtain or retain the signatures on debt instruments of any spouses whom the Bank did not release (if any), including a copy of the document(s) used to determine that he or she is a participant in the applicable enterprise and therefore intended to seek joint credit, or that his or her participation as a maker or guarantor is required and he or she voluntarily agreed to assume that obligation, and an explanation of the Bank's determination; and
- (e) confirmation that all Declarations of Partnership in active loan files have been conspicuously voided, all Declarations of Partnership discovered in closed or inactive files will be conspicuously voided as discovered, and no loans using the Declaration of Partnership will be initiated in the future.

5. Provide additional fair lending training, including Regulation B, to all lending staff, management and the Board.
6. Ensure a person well-versed in fair lending regulatory requirements is involved in all future product or service development efforts, marketing efforts, and form modification and development to ensure these products, forms, and marketing materials comply with Regulation B.
7. Conduct a review of all of the Bank's policies and procedures to ensure no other forms are similarly being used in other loan products, and revise or discontinue such policies or procedures as needed to comply fully with Regulation B.
8. Within 90 days from the effective date of this ORDER and every 90 days thereafter, furnish a written progress report to the Regional Director detailing:
 - (a) the form and manner of any action taken to secure compliance with this ORDER and the results thereof; and
 - (b) all fair lending training undertaken,until the Regional Director has expressly released the Bank in writing from making any further reports. The Bank shall furnish additional reports relating to the matters addressed in this ORDER on request of the Regional Director. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the Board minutes.

Shareholder Notification

9. Following the effective date of this ORDER, the Bank shall provide to its shareholders a copy of this ORDER:
 - (a) in conjunction with the Bank's next shareholder communication; or

(b) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting.

ORDER TO PAY CIVIL MONEY PENALTY

IT IS FURTHER ORDERED that, by reason of the violations of law and regulation set forth herein, and after taking into account the appropriateness of the penalty with respect to size of 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, pursuant to 12 U.S.C. §1818(i)(2), a penalty of \$12,500 is assessed against the Bank. The Bank shall pay such amount to the Treasury of the United States.

IT IS FURTHER ORDERED that the Bank is prohibited from seeking or accepting indemnification from any third party for the civil money penalty assessed and paid in this matter.

Miscellaneous

This ORDER shall become effective upon its issuance by the FDIC.

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 as that term is defined in Section 3(u) of the Act, 12 U.S.C. § 1813(u).

The provisions of this ORDER shall be binding on 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.

Pursuant to delegated authority.

Dated this 6th day of December, 2013.

/s/

Sylvia H. Plunkett
Senior Deputy Director
Division of Depositor and Consumer Protection