

UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:	)	
	)	
Heritage Bank, National Association	)	AA-WE-12-65
Phoenix, Arizona	)	

**STIPULATION AND CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiners, has supervisory authority over Heritage Bank, National Association, Phoenix, Arizona (“Bank”);

WHEREAS, the Comptroller intends to initiate a civil money penalty action against the Bank pursuant to section 102(f) of the Flood Disaster Protection Act, as amended, (“Flood Act”) (42 U.S.C. § 4012a(f)) for a pattern or practice of making, increasing, extending, or renewing loans in a special flood hazard area in which flood insurance is available under the National Flood Insurance Act without requiring the property securing the loans to be covered by the requisite flood insurance;

WHEREAS, in the interest of cooperation and to avoid the costs associated with future administrative and judicial proceedings with respect to the above matter, the Bank, without admitting or denying any wrongdoing, desires to enter into this Stipulation and Consent Order (“Order”); and

NOW, THEREFORE, in consideration of the above premises, it is stipulated by and between the Comptroller, through his duly authorized representative, and the Bank, that:

## **Article I**

### **JURISDICTION**

(1) The Bank is a national banking association, chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.* Accordingly, the Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2) and is a “regulated lending institution” as that term is defined in 42 U.S.C. § 4003(a)(10).

(2) Pursuant to 42 U.S.C. §§ 4003(a)(5) and 4012a(f), the Comptroller is “the appropriate Federal entity for lending regulation” to maintain an enforcement proceeding against the Bank for Flood Act violations.

## **Article II**

### **ORDER FOR CIVIL MONEY PENALTY**

The Bank hereby consents, and the Comptroller orders that:

(1) The Bank shall pay a civil money penalty in the amount of one thousand nine hundred and fifty dollars (\$1,950.00) upon execution of this Order.

(2) The Bank shall make payment in full by check made payable to the National Flood Insurance Program and shall deliver the payment to:

Kevin Montgomery, Federal Emergency Management Agency, 1800 South Bell

Street, Room 510, Arlington, Virginia 20598-3010. The docket number of this action shall be entered on the check.

(3) The Bank shall submit a copy of the check, along with this signed Order, to Lance Cantor, District Counsel, Office of the Comptroller of the Currency, 1225 17th Street, Suite 300, Denver, Colorado, 80202.

(4) This Order shall be enforceable to the same extent and in the same manner as an effective and outstanding order that has been issued and has become final pursuant to 12 U.S.C. §§ 1818(h) and (i) and 42 U.S.C. § 4012a.

### **Article III**

#### **WAIVERS**

- (1) By executing this Order, the Bank waives:
  - (a) the right to the issuance of a Notice under 12 U.S.C. § 1818(i) and 42 U.S.C. § 4012a(f)(4) and recognizes that the letter dated June 22, 2012, from Danilo Knezic, Senior Attorney, constitutes a valid substitute notice;
  - (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19, and 42 U.S.C. § 4012a(f)(4);
  - (c) all rights to seek judicial review of this Order; and
  - (d) all rights in any way to contest the validity of this Order.

(2) The Bank declares that no separate promise or inducement of any kind has been made by the Comptroller, his agents or employees to cause or

induce the Bank to agree to consent to the issuance of this Order and/or to execute this Order.

(3) It is hereby agreed that the provisions of this Order constitute a settlement of the civil money penalty proceeding contemplated by the Comptroller on the basis of the Bank's violations of the Flood Act and regulation as described in the WHEREAS clauses hereof. However, the specific violations described herein may be used by the Comptroller in future enforcement actions to establish a pattern or practice of misconduct or the continuation of a pattern or practice of misconduct.

(4) It is further agreed that the provisions of this Order shall not be construed as an adjudication on the merits and, except as set forth above in paragraph (3) of this Article, shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting the Bank if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(5) The Bank understands that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Order, and that nothing herein constitutes, nor shall the Bank contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

**IN TESTIMONY WHEREOF**, the undersigned has hereunto set her hand.

/s/  
\_\_\_\_\_  
Kay E. Kowitt  
Deputy Comptroller  
Western District

7/5/12  
\_\_\_\_\_  
Date

**IN TESTIMONY WHEREOF**, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/  
\_\_\_\_\_  
Robert W. Goldwater, Jr.

6/27/12  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Troy Hutton

6/27/12  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Glenn Pahnke

6/27/12  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Robert W. Tinsman

6/27/12  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
James E. Tinsman, Jr.

6/27/12  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Brian Unruh

6/27/12  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
John Benton

6/29/12  
\_\_\_\_\_  
Date