

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of:)	
)	
LIBERTY BANK, INC.)	CONSENT ORDER
SALT LAKE CITY, UTAH)	
)	FDIC-21-0067b
(INSURED STATE NONMEMBER BANK))	
)	
_____)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for Liberty Bank, Inc., Salt Lake City, Utah (“Bank”) under Section 3(q) of the Federal Deposit Insurance Act (“FDI Act”), 12 U.S.C. § 1813(q).

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 (“Stipulation”), dated September 17, 2021, that is accepted by the FDIC. With the Stipulation, the Bank has consented, without admitting or denying any charges of any violations of law or regulation, to the issuance of this Consent Order (“Order”) by the FDIC pursuant to Section 8(b)(1) of the FDI Act.

Having determined that the requirements for issuance of an order under Section 8(b) of the FDI Act, 12 U.S.C. § 1818(b) has been satisfied, the FDIC hereby orders that:

CORRECT VIOLATIONS OF LAW

1. Within 60 days of the effective date, the Board and Senior Management shall correct all violations of law, as more fully set forth in the Consumer Compliance Report of Examination and as described in this Order, and implement procedures to prevent their recurrence. This includes correction of current violations and prevention of future violations of the Truth in Lending Act, 15 U.S.C. §1601, *et seq.* (“TILA”), the Real Estate Settlement Procedures Act, 12

U.S.C. §2601, *et seq.* (“RESPA”), the Electronic Signatures Act, 15 U.S.C. §7001, *et seq.* (“ESIGN Act”), the Equal Credit Opportunity Act, 15 U.S.C. §1691, *et seq.* (“ECOA”), the Community Reinvestment Act, 12 U.S.C. §2901, *et seq.* (“CRA”), and the Truth in Savings Act, 12 U.S.C. §4301 *et seq.* (“TISA”), and their respective implementing regulations. The Bank’s actions as required by this paragraph shall be satisfactory to the Deputy Regional Director as determined at subsequent examinations and/or visitations.

BOARD & SENIOR MANAGEMENT OVERSIGHT

2. Within 60 days of the effective date of this Order, the Board shall participate fully in the oversight of the Bank’s Compliance Management System (“CMS”), and shall be responsible for the approval of sound policies and objectives, implementation of an adequate compliance program that addresses all consumer compliance risks associated with the Bank’s operations, and effectively supervise all of the Bank’s compliance-related activities, consistent with the role and expertise commonly expected for directors of banks of comparable size and complexity and offering comparable banking products and services. That includes the following:

(a) The Board and senior management shall further review, revise, develop, and/or implement, as necessary, policies and procedures, including monitoring and training programs, that are designed to effect compliance with all applicable consumer protection laws and implementing rules and regulations, regulatory guidance, and statements of policy (“Consumer Protection Laws”);

(b) The Board shall issue minutes that are comprehensive and that accurately reflect the Board discussions, training, and actions to be taken;

(c) The Board and senior management shall immediately hold Bank staff accountable for failing to adhere to Consumer Protection Laws and the Bank’s policies and procedures;

(d) The Board and senior management shall revise the loan origination, administration and servicing for consumer mortgage lending to ensure compliance with applicable Consumer Protection Laws and fully correct all of the identified issues noted in the Consumer Compliance Report of Examination dated April 12, 2021.

COMPLIANCE PROGRAM

3. Within 90 days of the effective date of this Order, the Board and senior management shall further review, revise, develop, and/or implement, as necessary, a sound risk-based CMS, including a written compliance program (“Compliance Program”) that is designed to effect compliance with all applicable Consumer Protection Laws. The Bank’s CMS and Compliance Program shall specifically address compliance with TILA, RESPA, the ESIGN Act, ECOA, CRA, and TISA, as well as those statutes’ respective implementing regulations. The written Compliance Program shall be an organized document that guides the Bank’s compliance activities and shall be a source document that serves as a training and reference tool for all Bank employees and management. Additionally, the Board and senior management shall do the following to effectuate the CMS and Compliance Program:

(a) Implement an effective training program that includes regular, specific, and comprehensive training in Consumer Protection Laws and Bank policies and procedures commensurate with individual job functions and duties for appropriate bank personnel, including all staff, senior management, and the Board, and shall incorporate training for high-risk compliance areas, including third-party oversight. The training program shall include regular, ongoing evaluations to ensure the effectiveness of the training.

(b) Ensure that appropriate individuals are well trained in compliance matters, that they conduct compliance reviews and/or audits, and that such reviews and/or audits are

comprehensive enough to detect technical deficiencies, including the types of deficiencies identified in the Consumer Compliance Report of Examination dated April 12, 2021.

(c) Implement a well-documented internal and proactive CMS monitoring process incorporated into the daily work of Bank personnel that is designed to detect and promptly correct compliance weaknesses within the Bank and third-party service providers, particularly weaknesses that have an impact on consumer accounts.

(d) Audit findings, deficiencies, and recommendations must be documented in a written report and provided to the Bank's Audit Committee and the Board after completion of the independent audit. In addition, the Bank's Audit Committee and the Board should thoroughly review the audit report and then provide responses. Furthermore, actions to be taken by the Bank's Board should be fully documented in the Board's minutes.

4. Within 90 days of the effective date of this Order, the Board shall perform a full review of all compliance policies and procedures and ensure compliance with all Consumer Protection Laws.

5. Within 90 days of the effective date of this Order, the Board shall perform a full review of the bank's training program to ensure compliance with all Consumer Protection Laws.

6. Within 90 days of the effective date of this Order, the Board shall perform a full review of all compliance monitoring procedures, including those areas identified as weak in the Consumer Compliance Report of Examination dated April 12, 2021, to ensure compliance with all Consumer Protection Laws.

7. Within 90 days of the effective date of this Order, the Bank shall review its CMS and Compliance Program and complete any necessary changes to its CMS and/or Compliance Program. In addition the Board shall review, approve, and record those changes in the Board's

minutes. Any subsequent revisions to the Bank's Compliance Program and/or CMS shall also be reviewed and approved by the Board, and recorded in the Board's minutes.

8. The Bank shall comply with the written Compliance Program and/or any subsequent modification of the Compliance Program.

9. During the time that this Order is in effect, the Bank shall regularly perform a full review (not less than annually) of each of its compliance policies and procedures to confirm that they properly address all applicable Consumer Protection Laws.

10. Within 180 days from the effective date of this Order, and at least annually thereafter, the Bank shall perform an internal review, including transactional testing, of all compliance monitoring procedures to determine the effectiveness of the monitoring procedures to ensure compliance with all Consumer Protection Laws. The review shall include any areas identified as weak in the Consumer Compliance Report of Examination dated April 12, 2021.

PROGRESS REPORTS

11. On or before the 30th day after the end of the first calendar quarter following the effective date of this Order, and on or before the 30th day after the end of every calendar quarter thereafter, the Board shall furnish written progress reports to the Deputy Regional Director detailing the form and manner of any actions taken to secure compliance with this Order and the results thereof.

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 FDI Act, 12 U.S.C. § 1813(u).

This Order will become effective upon its issuance by the FDIC.

The provisions of this Order shall be binding upon 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 provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued pursuant to delegated authority

Dated this 17th day of September, 2021.

/s/ _____
Janet R. Kincaid
Deputy Regional Director
Division of Depositor and Consumer Protection
San Francisco Region
Federal Deposit Insurance Corporation