



Federal Housing Finance Agency

Constitution Center
400 7th Street, S.W.
Washington, D.C. 20219
Telephone: (202) 649-3800
Facsimile: (202) 649-1071
www.FHFA.gov

FINAL SUSPENSION ORDER

The Federal Housing Finance Agency (“FHFA”), as safety and soundness regulator of the Federal National Mortgage Association (“Fannie Mae”), Federal Home Loan Mortgage Corporation (“Freddie Mac”), and the eleven Federal Home Loan Banks (collectively, the “regulated entities”), is issuing this Final Order pursuant to the following legal authorities:

1. Section 1313 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008, Pub. L. No. 110-289, 122 Stat. 2654 (codified as 12 U.S.C. § 4511 et seq.), (Safety and Soundness Act), authorizes FHFA to exercise such incidental powers as may be necessary in the supervision and regulation of each regulated entity. *See* 12 U.S.C. § 4513(a)(2).
2. Section 1313B of the Safety and Soundness Act authorizes FHFA to establish standards for the regulated entities regarding prudential management of risks. FHFA is authorized to issue orders requiring the regulated entities to take any action that will best carry out the purposes of that section. *See* 12 U.S.C. § 4513b(b)(2)(B)(iii).
3. Section 1319G of the Safety and Soundness Act authorizes FHFA to issue any orders necessary to ensure that the purposes of the Safety and Soundness Act are accomplished. *See* 12 U.S.C. § 4526(a).
4. 12 CFR § 1227.6, FHFA’s regulation governing the issuance of a final suspension order and the factors that may be considered by the suspending official.

Consistent with these authorities, FHFA has determined that any business relationship between Steven Jacob Harms (“Harms”) and any of the regulated entities would present excessive risk to their safety and soundness.

This determination is based on the following findings:

1. Harms was a resident of Lemars, Iowa. He was the President and Chief Executive Officer of Iowa Prairie Bank (“IPB” or the “Bank”), a financial institution as defined under Title 18, United States Code, Sections 20 and 3293(2), a state member bank of the Federal Reserve, and its deposits were insured by the Federal Deposit Insurance Corporation.

2. In or around December 2019, the Bank had outstanding loans that approached its legal lending limit. To continue issuing loans, the Bank was required to enter into loan participation agreements with other banks, in which the other banks would purchase a share of newly issued loans. On multiple previous occasions, IPB had violated its lending limit and been fined for those violations. Harms was aware of these violations, and that additional violations would incur increased penalties.
3. Between December 2019 and December 2020, Harms made false entries into the Bank's financial statements to deceive the Federal Reserve and bank examiners about IPB's financial condition. Specifically, Harms sought to obscure a lending limit violation and a related fine imposed on the Bank by making several materially false and fraudulent statements during the aforementioned period. These actions included:
 - a. Harms sent a participation agreement to a second bank falsely stating that the loan participation agreement was completed on December 10, 2019. That Bank corrected the false statement and sent Harms the agreement with the accurate date of December 23, 2019.
 - b. In late 2020, Harms created a fraudulent transcript that reflected a loan participation of \$948,000 from December 10, 2019, through December 23, 2019, which did not occur.
 - c. During a December 2020 bank audit, Harms presented a fraudulent loan transcript to bank examiners from the Federal Reserve Bank of Chicago, Des Moines office.
4. When state and federal auditors confronted Harms about the authenticity of the loan transcript, Harms admitted that the transcript was fraudulent. Harms further admitted that he had created the false transcript to avoid detection of the lending limit violation and a fine to the bank. Harms stated that he created a misdated loan participation agreement and the false loan transcript to prevent his scheme from being discovered.
5. Based on this misconduct and pursuant to a guilty plea, on December 6, 2024, Harms was convicted in the United States District Court for the Southern District of Iowa of false statement to the Federal Reserve System and was sentenced to three (3) days of imprisonment followed by two (2) years of supervised release.
6. The conduct underlying the conviction described above occurred in connection with a lending product.
7. The above-referenced conviction constitutes covered misconduct, as that term is defined at 12 CFR 1227.2, that is of a type that would be likely to cause significant financial or reputational harm to a regulated entity or otherwise threaten the safe and sound operation of a regulated entity.

With this Final Order, FHFA is directing each regulated entity to cease or refrain from engaging in any business relationship with Steven Jacob Harms indefinitely, beginning on February 24, 2026.

The Final Order's requirement for the regulated entities to indefinitely cease any business relationship with Steven Jacob Harms does not apply to the existing or future purchase, sale, modification, foreclosure alternative transaction, or other foreclosure-related transaction of a residential mortgage loan owned by a regulated entity if Steven Jacob Harms is the borrower of such residential mortgage loan and the transaction is for the borrower's own personal or household residence.

This Final Order is a final action of the Federal Housing Finance Agency.

Clinton Jones,
Suspending Official