

OFFICE OF THRIFT SUPERVISION

Receivership of a Federal Savings Bank

Date: December 4, 2009
Order No.: 2009-60
Docket No.: 08491

The Acting Director of the Office of Thrift Supervision (OTS), or his designee, in cooperation with the Federal Deposit Insurance Corporation (FDIC), has determined to appoint the FDIC as receiver of Greater Atlantic Bank, Reston, Virginia (Savings Bank).

GROUND FOR APPOINTMENT OF THE FDIC AS RECEIVER FOR THE SAVINGS BANK

The Acting Director, or his designee, based on the administrative record, finds and determines the following:

- (i) The Savings Bank's assets are less than the Savings Bank's obligations to its creditors and others;
- (ii) The Savings Bank is in an unsafe or unsound condition to transact business;
- (iii) The Savings Bank, by resolution of its board of directors, has consented to the appointment of a receiver;
- (iv) The Savings Bank is critically undercapitalized; and
- (v) The Savings Bank has substantially insufficient capital.

The Savings Bank is a Federally chartered savings bank, the accounts of which are insured by the Deposit Insurance Fund. The Savings Bank's home office is in Reston, Virginia. The Savings Bank operates from its home office and four branches in Virginia and Maryland. The Savings Bank's Thrift Financial Report (TFR) for the period ending September 30, 2009, reported approximately \$203.26 million in assets, \$204.94 million in liabilities, negative \$1.68 million in stockholders' equity, and a net loss for the nine months ending September 30, 2009, of approximately \$6.08 million. At September 30, 2009, the Savings Bank reported tangible, tier 1 (core), tier 1 risk-based, and total risk-based capital of 1.53 percent, 1.53 percent, 2.20 percent, and 3.11 percent, respectively. The Savings Bank's September 30, 2009, TFR indicates that the Savings Bank is "critically undercapitalized."

Because the local economy has experienced difficulties, the Savings Bank's commercial loan and mortgage loan portfolios have experienced increased delinquencies and losses, and such losses have eliminated the Savings Bank's equity and most of its regulatory capital. Further, the Savings Bank has a high cost of funds and high operating expenses. Since the fourth calendar quarter of 2007, the Savings Bank has been unable to earn a profit.

DISCUSSION OF GROUNDS FOR APPOINTMENT OF A RECEIVER FOR THE SAVINGS BANK

Section 5(d)(2)(A) of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1464(d)(2)(A), provides that OTS may appoint a receiver for any insured savings association if OTS determines that one or more grounds specified in section 11(c)(5) of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1821(c)(5), exist.

Assets Insufficient for Obligations

Under section 11(c)(5)(A) of the FDIA, OTS may appoint a receiver if a savings association's assets are less than its obligations to its creditors and others.

As of September 30, 2009, the Savings Bank reported negative equity capital of \$1.68 million. Thus, the Savings Bank's liabilities exceed its assets, and the Savings Bank is unable to meet its obligations to its creditors and others.

Therefore, the Acting Director, or his designee, concludes that the Savings Bank's assets are less than its obligations to its creditors and others.

Unsafe or Unsound Condition to Transact Business

Under section 11(c)(5)(C), OTS may appoint a receiver for a savings association if a savings association is in an unsafe or unsound condition to transact business.

Because the local economy has experienced difficulties, its commercial loan and mortgage loan portfolios have experienced increased delinquencies and losses. The Savings Bank's operations have suffered due to the declining values of its loan portfolio caused by loan delinquencies that required significant provisions for loan losses. The Savings Bank's loan portfolio continues to experience a high amount of delinquent loans that will likely require additional provisions for loan losses.

At September 30, 2009, the Savings Bank reported tangible, tier one (core), tier one risk-based, and total risk-based capital of 1.53 percent, 1.53 percent, 2.20 percent, and 3.11 percent, respectively. The Savings Bank experienced a net loss for the year ended December 31, 2008, of approximately \$11.07 million, and additional losses of \$6.08 million in the first three quarters of 2009. These losses have depleted its equity and regulatory capital.

Therefore, the Acting Director, or his designee, concludes that the Savings Bank is in an unsafe or unsound condition to transact business.

Consent

Under section 11(c)(5)(I), OTS may appoint a receiver for an association if the association's board of directors, by resolution, has consented to such an appointment. The board of directors of the Savings Bank, by resolution dated May 13, 2009, agreed to the appointment of a conservator or receiver and thereafter, on May 22, 2009, the Savings Bank stipulated to such an appointment. Therefore, the Acting Director, or his designee, concludes that a receiver may be appointed on the basis of the consent of the Savings Bank's board of directors.

Critically Undercapitalized

Under section 11(c)(5)(L)(i), OTS may appoint a receiver for a savings association if an institution is critically undercapitalized, as defined in 12 U.S.C. § 1831o(b). Under section 1831o(b), an institution is critically undercapitalized if it fails to meet any level of capital specified under section 1831o(c)(3)(A) of the FDIA. Section 1831o(c)(3)(A) provides for the appropriate banking agency to set a ratio of tangible equity to total assets at which an institution is critically undercapitalized. OTS has promulgated 12 C.F.R. § 565.4(b)(5), which defines an institution as critically undercapitalized if it has a ratio of tangible equity to total assets that is equal to or less than two percent. As of September 30, 2009, the Savings Bank reported a tangible capital ratio of 1.53 percent. Therefore, the Acting Director, or his designee, concludes that the Savings Bank is critically undercapitalized.

Substantially Insufficient Capital

Under section 11(c)(5)(L)(ii), OTS may appoint a receiver for a savings association if it has substantially insufficient capital. Pursuant to the authority granted in sections 5(t)(1)(A)(i) and 5(t)(2)(A) of the HOLA, OTS has promulgated 12 C.F.R. Part 567 requiring all savings associations that are not "one" rated to maintain a leverage capital ratio of 4 percent and all savings associations to maintain a minimum risk-based capital ratio of 8 percent of the institution's risk-based assets, as defined. OTS has concluded previously that failure to maintain at least two-thirds of any capital required by 12 C.F.R. Part 567 constitutes a substantial capital insufficiency within the meaning of the 12 U.S.C. § 1821(c)(5)(L)(ii).

The Savings Bank is not "one" rated and has a leverage capital ratio of 1.53 percent. The Savings Bank's risk-based capital ratio is 3.11 percent. Accordingly, the Savings Bank's leverage capital ratio and risk-based capital ratio both are less than two-thirds of the applicable capital requirements. Accordingly, the Acting Director, or his designee, concludes that the Savings Bank has substantially insufficient capital.

The Acting Director, or his designee, therefore, has determined that grounds for the appointment for a receiver for the Savings Bank exist under section 5(d)(2) of the HOLA, and

sections 11(c)(5)(A), (C), (I), (L)(i), and (L)(ii) of the FDIA, 12 U.S.C. §§ 1821(c)(5)(A), (C), (I), (L)(i), and (L)(ii).

ACTIONS ORDERED OR APPROVED

Appointment of a Receiver

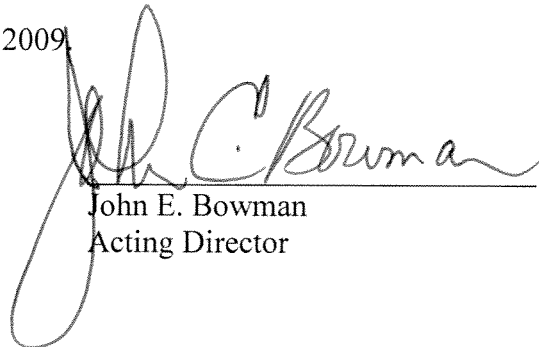
The Acting Director, or his designee, hereby appoints the FDIC as receiver for the Savings Bank, for the purpose of liquidation or winding up the affairs of the Savings Bank, pursuant to section 5(d)(2) of the HOLA, 12 U.S.C. § 1464(d)(2), and section 11(c)(6)(B) of the FDIA, 12 U.S.C. § 1821(c)(6)(B).

DELEGATION OF AUTHORITY TO ACT FOR OTS

The Acting Director, or his designee, hereby authorizes: (i) the OTS Southeast Regional Director, or his designee; or (ii) the Deputy Chief Counsel for Business Transactions of the Chief Counsel's Office, or his designee, to: (1) certify orders; (2) sign, execute, attest or certify other documents of OTS issued or authorized by this Order; (3) designate the person or entity that will give notice of the appointment of a receiver for the Savings Bank and serve the Savings Bank with a copy of this Order pursuant to 12 C.F.R. § 558.2; and (4) perform such other actions of OTS necessary or appropriate for the implementation of such Order. All documents to be issued under the authority of this Order must be first approved, in form and content, by the Chief Counsel's Office. Further, the Acting Director, or his designee, authorizes the Deputy Chief Counsel for Business Transactions, or his designee, to make any subsequent technical corrections, that might be necessary, to this Order, or any documents issued under the authority of this Order.

By Order of the Acting Director of OTS, or his designee, effective: (a) as to the above matters regarding the delegation of authority, immediately upon signature; and (b) as to the above matters regarding the appointment of the FDIC as receiver, immediately upon service of this Order on the Savings Bank.

Executed this 4th day of December, 2009.



John E. Bowman
Acting Director