

Press Releases

September 19, 2008

OTS 08-045 - OTS Closes Ameribank and Appoints FDIC Receiver

FOR RELEASE:
Friday, Sept. 19, 2008

CONTACT: William Ruberry
(202) 906-6677

Washington, D.C. — The Office of Thrift Supervision (OTS) today closed the \$104 million Ameribank of Northfork, West Virginia, and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver.

Ameribank's troubles stemmed from excessive growth in construction rehabilitation loans, which provided financing for the rehabilitation of distressed properties, predominantly in low-to moderate-income housing markets.

The quarter ending June 30, 2008, marked the fourth consecutive quarter of net losses and capital erosion for Ameribank. The OTS determined that Ameribank was "Critically Undercapitalized" and the institution was unable to develop a viable plan to restore capital to adequate levels.

In May 2007, OTS issued a Supervisory Directive enforcement letter and began a continuous on-site presence at the institution. The enforcement letter restricted the bank's rehabilitation lending activities and identified Ameribank as a troubled institution. In October 2007, OTS issued a Cease and Desist Order, a formal enforcement action, because Ameribank was not in full compliance with the Supervisory Directive.

Ameribank became an OTS-regulated institution in May 1997 after converting from a state-chartered commercial bank to a federally chartered savings bank. The institution has 63 employees in its home office and seven retail branches in West Virginia and Ohio.

Depositors' accounts at Ameribank are insured by the FDIC's Deposit Insurance Fund up to the statutory limits. Customer questions regarding the institution, including questions about federal deposit insurance coverage, should be directed to the FDIC at 1-877-894-4710. The telephone line will be available tonight until 9 p.m., Saturday and Sunday from 8:00 a.m. to 5:00 p.m. and thereafter from 8:00 a.m. to 6:00 p.m. (Eastern Daylight Time).