

OFFICE OF THRIFT SUPERVISION

Receivership Of A Federal Savings Association

Date: January 30, 2009
Order No.: 2009-07
OTS No.: 05875

The 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 Suburban Federal Savings Bank, Crofton, Maryland (Savings Bank).

GROUND FOR APPOINTMENT OF FDIC AS RECEIVER FOR THE SAVINGS BANK

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

- (i) The Savings Bank is in an unsafe and unsound condition to transact business;
- (ii) The Savings Bank has consented to the appointment of a receiver; and
- (iii) The Savings Bank is critically undercapitalized as defined in section 38(b) of the FDIA.

The Savings Bank is a Federally chartered mutual savings bank, the accounts of which are insured by the Deposit Insurance Fund. The Savings Bank has its home office in Crofton, Maryland. As of September 30, 2008, the Savings Bank reported total assets of \$354.4 million.

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 the Director may appoint a receiver for any insured savings association if the Director determines that one or more grounds specified in section 11(c)(5) of the FDIA, 12 U.S.C. § 1821(c)(5), exist.

Under section 11(c)(5)(C) of the FDIA, the Director may appoint a receiver if a savings association is in an unsafe and unsound condition to transact business. The Director finds that the Savings Bank is in an unsafe and unsound condition due to its

inadequate internal controls and financial records, capital deficiency, lack of core profitability, and very poor asset quality. Over the past two years the Savings Bank has experienced significant losses due in part to required provisions for the allowance for loan losses, asset valuation adjustments and write-downs, and operating losses. These losses have significantly depleted capital resulting in the Savings Bank being critically undercapitalized. Additional declinations in asset values are likely, thereby, further depleting capital and jeopardizing the Savings Bank's operations. In addition, the Savings Bank's problems maintaining its financial records and its internal reporting difficulties have created material uncertainty as to the accuracy of its financial condition. Therefore, the Director concludes that the Savings Bank is in an unsafe and unsound condition.

Under section 11(c)(5)(I) of the FDIA, the Director may appoint a receiver if the institution, by resolution of its board of directors, consents to the appointment. The Director finds that the board of directors of the Savings Bank consented to the appointment of a conservator or receiver.

Under section 11(c)(5)(L) of the FDIA, the Director may appoint a receiver if a savings association is critically undercapitalized as defined in section 1831o(b) of the FDIA. Under OTS regulations implementing section 1831o an institution is critically undercapitalized if it has a ratio of tangible equity to total assets that is equal to or less than two percent. See 12 C.F.R. § 565.4(b)(5). As of November 5, 2008, the Savings Bank reported that it had a ratio of equity capital to total assets of 1.33 percent. The Savings Bank has continuously been critically undercapitalized since that date.

The 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)(C), (I), and (L) of the FDIA, 12 U.S.C. §§ 1821(c)(5)(C), (I), and (L).

ACTIONS ORDERED OR APPROVED

Appointment of a Receiver

The Director, or his designee, hereby appoints the FDIC as receiver for the Savings Bank, for the purpose of liquidation, pursuant to section 5(d)(2) of the HOLA, 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 Director, or his designee, hereby authorizes the OTS Southeast Regional Director, or his designee, and the Deputy Chief Counsel for the Business Transactions Division of the Chief Counsel's office, or his designee, to: (i) certify orders; (ii) sign, execute, attest, or certify other documents of OTS issued or authorized by this Order; (iii) designate the persons 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 (iv) perform such other functions of OTS necessary or appropriate for implementation of this 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. In addition, the Director, or his designee, hereby authorizes the Deputy Chief Counsel for the Business Transactions Division of the Chief Counsel's office, 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 Director of OTS, effective January 30, 2009.



John M. Reich
Director