



# Office of Thrift Supervision

## FACT SHEET

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### OTS Fact Sheet on BankUnited FSB

#### Institution Profile (March 31, 2009)

- Total assets: \$13.1 billion
- Headquarters: Coral Gables, Florida
- Branches: 85 (all are in Florida, most are along the southeast coast)
- Employees: 1,083

#### Financial Details (March 31, 2009)

- Retail Deposits: \$8.7 billion or 66.4 percent of total liabilities and capital
- Brokered Deposits: \$460.4 million or 3.5 percent of total liabilities and capital
- FHLB Advances: \$4.76 billion or 36.4 percent of total liabilities and capital
- Total equity: Negative \$506.5 million
- Loan portfolio: 1-4 family permanent residential mortgage loans (\$9.6 billion (72.9 percent of total assets), nonresidential mortgage loans ( \$580.3 million or 4.43percent of total assets), land loans (\$185.9 million or 1.42percent of total assets), commercial nonmortgage loans (\$189.7 million or 1.45percent of total assets), multifamily loans (\$148.7 million or 1.13percent of total assets) and construction loans ( \$147.8 million or 1.13percent of total assets)
- Option ARM portfolio: \$4.99 billion or 52.3 percent of 1-4 single family loan portfolio and 38.1percent of total assets
- Nonaccrual loans: \$1.63 billion or 12.4 percent of total assets
- Past-due 30-89 days: \$552.5 million or 4.2 percent of total assets
- Real Estate Owned: \$154.3 million or 1.2 percent of total assets

## **Institution History**

- BankUnited began as a state chartered de novo institution in October 1984 under the name United Savings Association. It converted to a federal stock charter and changed its name to BankUnited, FSB in 1993. BankUnited became a wholly-owned subsidiary of BankUnited Financial Corporation in 1995.
- BankUnited was historically a residential mortgage portfolio lender that was consistently profitable with low loan delinquencies and strong capital levels.
- Over the past several years, BankUnited purchased and originated payment option ARM loans for its portfolio.
- Ultimately, the combination of an excessive concentration in payment option ARM loans with too many risk layers and rapidly deteriorating economic conditions overwhelmed BankUnited's capacity to absorb the losses on the portfolio.

## **Key Facts and Events**

- *Asset Quality:* Deteriorating credit quality in the payment option ARM portfolio led to increased loan loss provisions beginning in the fourth quarter of 2007. The deterioration resulted from concentration in payment option ARM loans originated in geographic areas that experienced significant declines in real estate values, primarily Florida and California. The bank discontinued payment option ARM lending in May 2008, but the credit quality of loans in portfolio continued to decline causing material losses.
- *Earnings and Capital:* Loss provisions on the payment option ARM portfolio resulted in operating losses throughout 2008 and 2009. Combined with the cost of collections, loss mitigation activities, and the large amount of low yielding liquid assets, BankUnited's large net losses led to capital insolvency. The Bank's earnings were insufficient to support operations and to maintain adequate capital protection. As of March 31, 2009, BankUnited was capital insolvent with core and risk-based capital ratios of negative 3.24 percent and negative 5.75 percent.
- *Receivership:* BankUnited FSB was in an unsafe and unsound condition because of its deteriorating asset quality, negative operating earnings, capital insolvency and strained liquidity position. With no viable alternatives to return to profitability and restore capital adequacy, OTS closed BankUnited on May 21, 2009 and appointed the FDIC as receiver.

## **OTS Enforcement Actions**

- Memorandum of Understanding – July 24, 2008
- Prompt Corrective Action (PCA) Notice of Intent to Downgrade to Adequately Capitalized – July 24, 2008
- Notice of Troubled Condition – August 8, 2008
- PCA downgrade to Adequately Capitalized – September 5, 2008
- Cease and Desist Order – September 19, 2008
- PCA Directive – April 14, 2009

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## **OTS Profile**

- Established – 1989
- Thrift institutions supervised as of March 31, 2009 - 801
- Thrift industry assets supervised as of March 31, 2009 - \$1.2 trillion
- OTS employees – 1,046