

OFFICE OF THRIFT SUPERVISION

Receivership of a Federal Savings Association

Date: August 20, 2010
Order No.: 2010-49
OTS No.: 7270

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 Imperial Savings and Loan Association, Martinsville, Virginia (Savings Association).

GROUND FOR APPOINTMENT OF FDIC AS RECEIVER FOR THE SAVINGS ASSOCIATION

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

- (i) The Savings Association is critically undercapitalized; and
- (ii) The Savings Association has substantially insufficient capital.

The Savings Association is a Deposit Insurance Fund-insured, federally chartered mutual savings association, with a single office located in Martinsville, Virginia.

The Savings Association's Thrift Financial Report (TFR) for June 30, 2010, reported approximately \$9.45 million in assets, \$10.11 million in liabilities, negative members' equity of \$666,000, and a net loss for the first six months of 2010 of approximately \$271,000. At June 30, 2010, the Savings Association reported tangible, tier 1 (core), and total risk-based capital of 0.89 percent, 0.89 percent, and 3.05 percent, respectively. Based on the tangible capital ratio in the Savings Association's June 30, 2010, TFR, the Savings Association is critically undercapitalized. While the Institution, during the past year, actively sought potential acquirers, the Institution was not able to consummate a transaction that addressed its capital and other deficiencies.

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

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.

Critically Undercapitalized

Under section 11(c)(5)(L)(i) of the FDIA, OTS may appoint a receiver for a savings association if it is critically undercapitalized, as defined in 12 U.S.C. § 1831o(b). Under section 1831o(b), a depository 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 June 30, 2010, the Savings Association reported a tangible capital ratio of 0.89 percent. Thus, the Acting Director, or his designee, concludes that the Savings Association 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 "1" rated to maintain a core capital ratio of 4 percent and all savings associations to maintain a minimum total 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 12 U.S.C. § 1821(c)(5)(L)(ii). See, *e.g.*, OTS Orders No. 2009-21 (April 17, 2009) and No. 2008-33 (September 19, 2008).

The Savings Association is not "1" rated and had a core capital ratio and a total risk-based capital ratio of 0.89 percent and 3.05 percent, respectively, as of June 30, 2010. Accordingly, the Savings Association's core capital ratio and total risk-based capital ratio both are less than two-thirds of the applicable capital requirements. Therefore, the Acting Director, or his designee, concludes that the Savings Association has substantially insufficient capital.

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

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

ACTIONS ORDERED OR APPROVED

Appointment of a Receiver

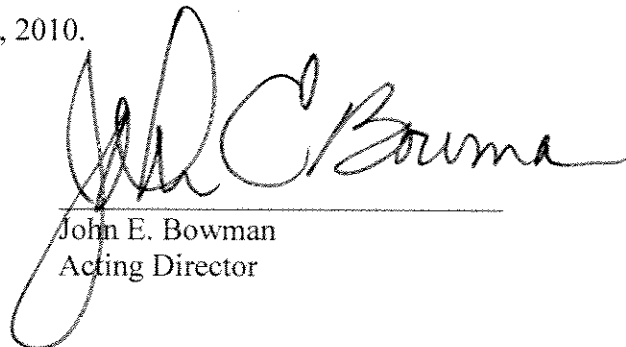
The Acting Director, or his designee, hereby appoints the FDIC as receiver for the Savings Association, for the purpose of liquidation or winding up the affairs of the Savings Association, pursuant to section 5(d)(2) of the HOLA, 12 U.S.C. § 1464(d)(2), and section 11(c)(6)(B) of the FDIA, 12 U.S.C.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

Delegation of Authority to Act for OTS

The Acting Director, or his designee, hereby authorizes the OTS Southeast Regional Director, or his designee, and the Deputy Chief Counsel for Business Transactions 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 Association and serve the Savings Association 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 Acting Director, or his designee, hereby 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 Association.

Executed this 20 day of August, 2010.



John E. Bowman
Acting Director