

OFFICE OF THRIFT SUPERVISION

Receivership of a Federal Savings Association

Date: September 4, 2009
Order No.: 2009-50
OTS Docket No. 00190

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 Vantus Bank, Sioux City, Iowa (Savings Bank).

GROUND FOR APPOINTMENT OF FDIC AS RECEIVER FOR THE SAVINGS BANK

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

- (i) The Savings Bank is likely to be unable to pay its obligations or meet its depositors' demands in the normal course of business;
- (ii) The Savings Bank, by resolution of its board of directors, has consented to the appointment of a receiver; and
- (iii) The Savings Bank is undercapitalized as defined in 12 U.S.C. § 1831o(b), and failed to submit a capital restoration plan acceptable to the OTS within the time prescribed under 12 U.S.C. § 1831o(e)(2)(D).

The Savings Bank is a federally chartered stock savings bank, the accounts of which are insured by the Deposit Insurance Fund. The Savings Bank has its home office in Sioux City, Iowa. As of June 30, 2009, the Savings Bank reported approximately \$503.64 million in assets, and \$500.96 million in liabilities. The Savings Bank reported losses of \$17.6 million and \$20.5 million for the quarter and six months ended June 30, 2009, respectively. At June 30, 2009, the Savings Bank reported core and total risk-based capital of 4.51 percent, and 4.01 percent, respectively. The Savings Bank is wholly owned by First Federal Bankshares, Inc.

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.

Inability to Pay Obligations or Meet Depositors' Demands

Under section 11(c)(5)(F) of the FDIA, OTS may appoint a receiver for a savings association if it is likely to be unable to pay its obligations or meet its depositors' demands in the normal course of business. On August 25, 2009, the Federal Home Loan Bank of Des Moines (FHLB) informed the Savings Bank that the FHLB will no longer make loans to the Savings Bank, and that effective September 23, 2009, the Savings Bank must repay advances from the FHLB as they mature. Thus, on September 23, 2009, the Savings Bank will have to repay \$35 million in advances from the FHLB. In addition, the Savings Bank has been subject to adverse publicity in its market area and has experienced abnormally high deposit withdrawal activity. Even in the absence of continued significant depositor withdrawals, the Savings Bank has estimated that it will not have sufficient cash to meet all of its obligations by September 23, 2009.

The Acting Director, or his designee, concludes that the Savings Bank is likely to be unable to pay its obligations or meet its depositors' demands in the normal course of business.

Consent

Under section 11(c)(5)(I) of the FDIA, OTS may appoint a receiver if the institution, by resolution of its board of directors consents to the appointment. On August 28, 2009, the board of directors of the Savings Bank resolved to execute a stipulation and consent to a proposed Prompt Corrective Action (PCA) Directive. The stipulation was executed by the Savings Bank and it contained a provision consenting to the appointment of a conservator or receiver by OTS.

The Acting Director, or his designee, concludes that the Savings Bank's board of directors consented to the appointment of a receiver by their adopting a resolution to execute a stipulation that included a consent to the appointment of a receiver.

Failure of an Undercapitalized Institution to Submit an Acceptable Capital Restoration Plan Within the Time Prescribed

Under section 11(c)(5)(K)(iii) of the FDIA, OTS may appoint a receiver for an undercapitalized savings association if that institution fails to submit a capital restoration plan that is acceptable to OTS within the time prescribed under 12 U.S.C. § 1831o(e)(2)(D). Section 1831o(e)(2)(D) provides for OTS to promulgate regulations generally requiring an institution to submit such a plan not later than 45 days after the savings association becomes undercapitalized. OTS promulgated such a regulation. See 12 C.F.R. § 565.5(a)(1). Section 1831o(e)(2)(C)(i)(II) provides that OTS may not accept a capital restoration plan unless OTS concludes that the plan is based on realistic assumptions and is likely to succeed in restoring the institution's capital.

On May 8, 2009, the Savings Bank was notified that it had become undercapitalized, and it submitted a capital restoration plan on June 15, 2009. However, that plan was not acceptable because it was not premised on realistic assumptions, and OTS denied the capital restoration plan

on August 13, 2009. Therefore, the Acting Director, or his designee, concludes that the Savings Bank failed to timely submit an acceptable capital restoration plan.

The Acting Director, or his designee, therefore, has determined that grounds for the appointment of a receiver for the Savings Bank exist under section 5(d)(2) of the HOLA, 12 U.S.C. § 1464(d)(2), and sections 11(c)(5)(F), (I), and (K)(iii) of the FDIA, 12 U.S.C. §§ 1821(c)(5)(F), (I) and (K)(iii).

ACTIONS ORDERED OR APPROVED

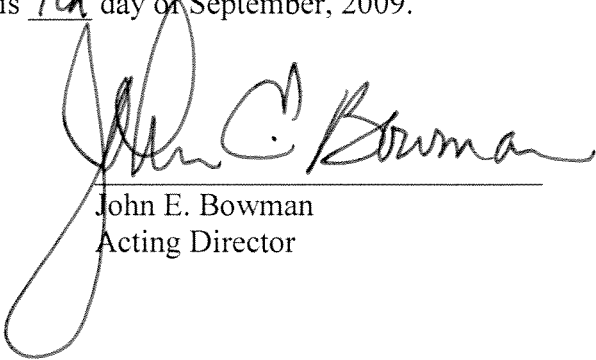
Appointment of a Receiver

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 the OTS Central 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: (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. In addition, the Acting Director, or his designee, hereby authorizes the Deputy Chief Counsel for the Business Transactions Division, 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 immediately upon service of this Order on the Savings Bank, this 4th day of September, 2009.



John E. Bowman
Acting Director