

## Press Releases

---

September 28, 2007

### OTS 07-071 - OTS Appoints FDIC Receiver of NetBank

#### Office of Thrift Supervision

FOR RELEASE at 3:00 P.M. EDT

For further information

Friday, September 28, 2007

Contact: Kevin Petrasic

OTS 07-71

202/906-6677

---

### OTS Appoints FDIC Receiver of NetBank

Washington, D.C. -- The Office of Thrift Supervision (OTS) announced today that it closed \$2.5 billion NetBank, headquartered in Alpharetta, Georgia, and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver.

NetBank sustained significant losses in 2006 primarily due to early payment defaults on loans sold, weak underwriting, poor documentation, a lack of proper controls, and failed business strategies. As a result, the OTS executed a formal enforcement action with NetBank in 2006 directing the institution to correct its operating deficiencies and enhance its capital position. While the institution continued to operate in excess of minimum capital standards, the actions taken to address these problems were unsuccessful and it became clear that high operating expenses combined with continuing losses were jeopardizing the institution's viability.

In response, NetBank's board of directors undertook efforts to complete a private sale of the institution. These efforts were unsuccessful and the institution had no remaining prospects for raising capital and achieving profitability. Accordingly, the OTS exercised its authority under the Home Owners' Loan Act to appoint the FDIC as receiver of the institution.

Depositors' accounts at NetBank 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 1-888-256-6932.

###

The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at [www.ots.treas.gov](http://www.ots.treas.gov).