

Five More Banks Closed by Regulators

Total Failures so Far: 50 Banks and Credit Unions in 2009

June 29, 2009 - Linda McGlasson, Managing Editor

Five more banks were closed by banking regulators on June 26, bringing the total number of bank/credit union failures to 50 for 2009. Two banks in Georgia, one in Minnesota and two in California were shut down. Four were bought by other banks. The total assets of the five banks were just over \$1 billion.

These five come on the heels of **three banks closed** on June 19.

The Federal Deposit Insurance Corporation (FDIC) paid out the insured deposits of **Community Bank of West Georgia, Villa Rica, GA**. The bank was closed by the Georgia Department of Banking and Finance. The failed bank had assets of \$199.4 million and deposits of \$182.5 million. The customers of the failed bank receiving direct deposits have been transferred to United Community Bank, Blairsville, GA. The estimated cost of the failure to the FDIC's Deposit Insurance Fund will be \$85 million. Community Bank of West Georgia is the eighth Georgia bank to fail this year.

The second Georgia bank to fail was **Neighborhood Community Bank, Newnan, GA**. The Georgia Department of Banking and Finance closed the bank and appointed the FDIC receiver. The FDIC in turn sold the failed bank's deposits to CharterBank, West Point, GA. The four offices of Neighborhood Community Bank are now branches of CharterBank. The failed bank had \$221.6 million in assets and deposits of \$191.3 million. CharterBank agreed to purchase \$209.6 million of assets. The bank and FDIC are in a loss-share agreement on \$178.5 million of the failed bank's assets. The FDIC DIF cost will be \$66.7 million. Neighborhood Community Bank was the ninth bank in Georgia to fail in 2009.

The Horizon Bank in Pine City, MN was closed by the Minnesota Department of Commerce. The FDIC was named receiver. Stearns Bank, N.A., St. Cloud, MN has bought the failed bank's \$69.4 million of deposits.

The two offices of Horizon Bank reopened on Saturday as branches of Stearns Bank, N.A. The failed bank had assets of \$87.6 million. Stearns Bank will buy \$84.4 million of the assets, \$65.1 million of which will be covered under a loss-share agreement with the FDIC. The closure will cost the FDIC's DIF will be \$33.5 million. Horizon Bank is the first bank to fail in Minnesota in 2009. The last bank to fail in the state was First Integrity Bank, N.A., Staples in 2008.

The two California banks that were closed on Friday were **MetroPacific Bank**, Irvine, and **Mirae Bank**, Los Angeles.

MetroPacific Bank was shut by the California Department of Financial Institutions, and the FDIC was appointed receiver. The failed bank's deposits were bought by Sunwest Bank, Tustin, CA and the failed bank's one office opened today as a branch of Sunwest. MetroPacific Bank had assets of \$80 million and deposits of \$73 million. The cost to the FDIC's DIF will be \$29 million.

The California Department of Financial Institutions also shut Mirae Bank and appointed the FDIC as receiver. The failed bank's \$362 million of deposits will be bought by Wilshire State Bank, Los Angeles, CA.

The five offices of Mirae Bank reopened today as branches of Wilshire State Bank. Mirae Bank held assets of \$456 million. Wilshire State Bank will buy \$449 million of the failed bank's assets, \$341 million of which will be covered under a loss-share transaction with the FDIC. The cost to the FDIC's DIF will be \$50 million.

The two failed banks are the fifth and sixth to close in California in 2009. The last FDIC-insured institution in California to be closed was First Bank of Beverly Hills, Calabasas on April 24.

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