

Regulators shut down banks in five states

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WASHINGTON -Regulators on Friday shut down banks in Florida, New Jersey, Ohio, Oklahoma and Illinois, boosting to 69 the number of federally insured banks to fail this year amid the pressures of the weak economy and mounting loan defaults.

The Federal Deposit Insurance Corp. was appointed receiver of the five banks.

The agency shut down Integrity Bank of Jupiter, Fla., with \$119 million in assets and \$102 million in deposits, and First BankAmericano, based in Elizabeth, N.J., with \$166 million in assets and \$157 million in deposits.

Also closed were Peoples Community Bank, West Chester, Ohio, with \$705.8 million in assets and \$598.2 million in deposits; First State Bank of Altus, in Altus, Okla., with \$103.4 million in assets and \$98.2 million in deposits; and Mutual Bank of Harvey, Ill., with \$1.6 billion in assets and \$1.6 billion in deposits.

Mutual Bank was the largest of the five. It was closed Friday by the Illinois Department of Financial Professional Regulation's division of banking, which appointed the FDIC as receiver. United Central Bank of Garland, Texas, is assuming the deposits and essentially all of the assets. In addition, the FDIC and First United Central Bank entered into a loss-sharing agreement covering \$1.3 billion of the assets of Mutual Bank. Its 12 branches will reopen Saturday as offices of United Central Bank.

First State Bank of Altus was closed by the Oklahoma State Banking Department, which appointed the FDIC as receiver. Herring Bank, based in Amarillo, Texas, is assuming the deposits and about \$64.4 million of the assets of First State Bank of Altus and the FDIC will retain the remaining assets for eventual sale. The failed bank's branches will reopen Saturday as offices of Herring Bank.

The FDIC said that Stonegate Bank, based in Fort Lauderdale, Fla., had agreed to assume all the deposits and about \$52 million of the assets of Integrity Bank. The agency will retain the remaining assets for eventual sale. Integrity Bank's sole office in Jupiter will reopen Monday as a branch of Stonegate Bank.

Crown Bank, based in Brick, N.J., has agreed to assume the assets and deposits of First BankAmericano. The failed bank's six branches will reopen Saturday as offices of Crown Bank.

First National Bank, based in Hamilton, Ohio, is buying the assets and deposits of Peoples Community Bank. In addition, the FDIC and First Financial Bank entered into a loss-sharing agreement covering \$657.6 million of the assets of Peoples Community Bank. Its 19 branches will reopen Monday as offices of First Financial Bank.

The 69 bank failures nationwide this year compare with 25 last year and three in 2007.

The FDIC estimates that the cost to the deposit insurance fund from the failure of Integrity Bank will be around \$46 million, that of First BankAmericano \$15 million, Peoples Community Bank \$129.5 million, First State Bank of Altus \$25.2 million and Mutual Bank \$696 million.

As the economy has soured — with unemployment rising, home prices tumbling and loan defaults soaring — bank failures have cascaded and sapped billions out of the deposit insurance fund. It now stands at its lowest level since 1993, \$13 billion as of the first quarter.

While losses on home mortgages may be leveling off, delinquencies on commercial real estate loans remain a hot spot of potential trouble, FDIC officials say. If the recession deepens, defaults on the high-risk loans could spike. Many regional banks hold large numbers of them.

The number of banks on the FDIC's list of problem institutions leaped to 305 in the first quarter — the highest number since 1994 during the savings and loan crisis — from 252 in the fourth quarter. The FDIC expects U.S. bank failures to cost the insurance fund around \$70 billion through 2013.

The May closing of struggling Florida thrift BankUnited FSB is expected to cost the insurance fund \$4.9 billion, the second-largest hit since the financial crisis began. The costliest was the July 2008 seizure of big California lender IndyMac Bank, on which the insurance fund is estimated to have lost \$10.7 billion.

The largest U.S. bank failure ever also came last year: Seattle-based thrift [Washington Mutual Inc.](#) fell in September, with about \$307 billion in assets. It was acquired by [JPMorgan Chase & Co.](#) for \$1.9 billion in a deal brokered by the FDIC.

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