Regulators close 3 banks in Fla., Ore.; total 72

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NEW YORK — Regulators on Friday shut down two banks in Florida and one in Oregon, bringing to 72 the number of federally insured banks to fail this year under the weight of the weak economy and rising loan losses.

The Federal Deposit Insurance Corp. was appointed receiver of the banks: First State Bank, of Sarasota, Fla.; Venice, Fla.-based Community National Bank of Sarasota County, and Community First Bank, of Prineville, Ore.

First State Bank had total assets of $463 million and deposits totaling $387 million. Community National Bank had $97 million in assets and $93 million in deposits. Community First Bank had $209 million in assets and $182 million in deposits.

The FDIC said Stearns Bank, of St. Cloud, Minn., agreed to assume all the deposits of both Florida banks. Stearns Bank also agreed to buy $451 million of First State Bank assets and $94 million of Community National Bank assets.

The nine branches of First State Bank will reopen Monday as Stearns Bank branches, while Community National Bank's four branches will reopen Saturday.

Nampa, Idaho-based Home Federal Bank agreed to assume all of Community First Bank's deposits, except about $31 million in brokered deposits. Home Federal also agreed to buy about $197 million of the failed bank's assets.

Community First Bank's eight branches will reopen on Monday as branches of Home Federal Bank.

There were 25 bank failures nationwide last year and three the year before.

The FDIC estimates that the cost to the deposit insurance fund from the failure of the three banks will be around $185 million.

Record unemployment, sinking home prices and dwindling personal wealth have put major constraints on consumers this year, making it difficult for them to pay off debt. Bank failures have cascaded as the economy soured and loan losses soared, sapping billions of dollars 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 stabilizing, delinquencies on commercial real estate loans remain a trouble spot, especially for regional banks that hold large amounts of the high-risk loans.

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 bank failure costliest to the fund came in July 2008 with the seizure of IndyMac Bank. The insurance fund is estimated to have lost $10.7 billion on the closure of the big California lender.

The largest U.S. bank failure ever in terms of bank assets also came last year. Seattle-based thrift Washington Mutual Inc., which had about $307 billion in assets, fell in September and was acquired by JPMorgan Chase & Co. for $1.9 billion in a deal brokered by the FDIC.

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