



# NEWS RELEASE

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## FDIC APPROVES DEPOSIT ASSUMPTION OF ORANGE COAST THRIFT AND LOAN ASSOCIATION, LOS ALAMITOS, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of Orange Coast Thrift and Loan Association, Los Alamitos, California, by Capitol Thrift and Loan Association, Napa, California.

The failed association's only office will reopen on Monday, June 30, 1986, as a branch of Capitol Thrift and Loan Association and its thrift holders automatically will become thrift holders of the assuming association, subject to approval by the appropriate court.

Orange Coast Thrift and Loan Association, which had total assets of \$11.4 million, was closed on Friday, June 27, 1986, by Franklin Tom, California Commissioner of Corporations, and the FDIC was named receiver. Mr. Tom said: "Significant loan losses reduced the capital of the industrial loan company to an unsafe level, which necessitated the closure to protect the thrift holders."

Capitol Thrift and Loan Association will assume about \$11.0 million in 1,100 accounts and has agreed to pay the FDIC a purchase premium of \$101,000. It also will purchase certain of the failed association's loans and other assets for \$3.7 million. To facilitate the transaction, the FDIC will advance \$7.2 million to the assuming association and will retain assets of the failed association with a book value of about \$7.7 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by Capitol Thrift and Loan Association.

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The FDIC will recover a portion of its outlay through the liquidation of assets not transferred to the assuming bank. In this respect, the FDIC notes that its claim will have priority over the claims of shareholders of the closed bank.

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