



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC TRANSFERS INSURED DEPOSITS OF UNION COUNTY BANK, MAYNARDSVILLE, TENNESSEE

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of insured deposits and fully secured or preferred deposits of Union County Bank, Maynardville, Tennessee, to Commercial Bank of Claiborne County, Harrogate, Tennessee. The failed bank's three offices will reopen on Thursday, April 24, 1986, as branches of Commercial Bank of Claiborne County.

Union County Bank was closed on Tuesday, April 22, 1986, by William C. Adams, Tennessee Commissioner of Financial Institutions, and the FDIC was named receiver. Mr. Adams said: "Although the bank had recently received an adverse ruling in an important law suit that affected solvency, and faced a money laundering charge, it was determined in a recent examination that excessive loan losses rendered the bank insolvent, regardless of the outcome of the litigation. The Board of Directors of the bank had passed a resolution authorizing cooperation with regulatory authorities in an orderly closing of the bank."

At the time the bank closed, its deposits amounted to about \$30.1 million in 6,900 deposit accounts, and its assets amounted to \$32.2 million. Of the total deposits, approximately \$20,000 in 20 accounts exceeded the federal insurance limit of \$100,000. Uninsured depositors and nondepositor creditors will share proportionately with the FDIC in the proceeds realized from the liquidation of the failed bank's assets.

Deposits in the failed bank up to the statutory insurance limit of \$100,000 will be available to their owners immediately. Checks drawn on the failed bank's accounts will continue to be honored.

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Even though insured depositors in the failed bank can automatically continue to conduct their banking transactions with the acquiring bank for an 18-month period, they are encouraged to visit the bank during the next several weeks to discuss the continuation of their banking relationship with the new bank. From the standpoint of customer convenience and service, it would be preferable for these visits to be spread out over the next month or longer than to occur within the next week or so.

Administration of the insured deposits transferred to the new bank will be funded by an equivalent cash payment from the FDIC. The new bank is paying the FDIC a premium of \$536,000 for the right to receive the transferred deposits, and will purchase other assets of the failed bank for \$13.8 million.

The Board of Directors decided to arrange an insured deposit transfer because no acceptable bids were received for the failed bank.

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