



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF FIRST STATE BANK OF ELGIN, ELGIN, OREGON

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of First State Bank of Elgin, Elgin, Oregon, have been assumed by United States National Bank of Oregon, Portland, Oregon. The failed bank's two offices will reopen on Monday, April 15, 1985, as branches of United States National Bank of Oregon and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First State Bank of Elgin was closed on Friday, April 12, 1985, by Oregon Superintendent of Banks John B. Olin and the FDIC was named receiver. The FDIC said the bank's failure was caused by unsound lending practices aggravated by a depressed local economy.

In addition to assuming about \$14.9 million in 6,000 deposit accounts, United States National Bank of Oregon has agreed to pay the FDIC a purchase premium of \$103,000. The assuming bank will purchase the failed bank's installment loans, real estate loans, and certain other assets for \$7.0 million. To facilitate the transaction, the FDIC will advance cash amounting to \$8.3 million to the assuming bank and will retain assets of the failed bank with a book value of about \$10.9 million.

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The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by United States National Bank of Oregon.

The FDIC expects to recover a substantial 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 nondepositor creditors and shareholders of the closed bank.

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