



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF BANK OF TAYLOR, TAYLOR, NEBRASKA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Bank of Taylor, Taylor, Nebraska, have been assumed by Union Bank and Trust Company, Lincoln, Nebraska. The failed bank's sole office will reopen on Monday, June 3, 1985, as a branch of Union Bank and Trust Company and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Bank of Taylor was closed on Friday, May 31, 1985, by Roger M. Beverage, Nebraska Director of Banking and Finance, and the FDIC was named receiver. Mr. Beverage said: "A combination of liberal lending practices of prior years and the deteriorating agricultural situation caused the failure of the bank."

Union Bank and Trust Company will assume about \$12.2 million in 3,500 deposit accounts, and has agreed to pay the FDIC a purchase premium of \$10,000. It also will purchase the failed bank's installment loans, real estate loans, and certain other assets for \$2.7 million. To facilitate the transaction, the FDIC will advance \$9.6 million to the assuming bank and will retain assets of the failed bank with a book value of about \$11 million.

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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 Union Bank and Trust Company.

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 the nondepositor creditors and shareholders of the closed bank.

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