



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES DEPOSIT ASSUMPTION OF FIRST NATIONAL BANK OF LINCOLN COUNTY, RUIDOSO, NEW MEXICO

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the deposit liabilities of First National Bank of Lincoln County, Ruidoso, New Mexico, by First National Bank of Ruidoso, a newly-chartered subsidiary of First Alamogordo Bancshares, Inc., Alamogordo, New Mexico.

The failed bank will reopen on Tuesday, December 17, 1985, as First National Bank of Ruidoso, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First National Bank of Lincoln County was closed on Friday, December 13, 1985, by H. Joe Selby, Senior Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Selby said: "The bank pursued an aggressive expansionary course of growth under the guidance of Moncor, Inc., its former parent company, which is now in voluntary bankruptcy. Safe and sound lending practices were sacrificed in favor of this rapid growth, resulting in a substantial deterioration in the quality of the bank's loan portfolio, exhausting the bank's capital, and resulting in its insolvency."

First National Bank of Ruidoso will assume about \$27.0 million in 2,700 deposit accounts and has agreed to pay the FDIC a purchase premium of \$313,000.13. It also will purchase certain of the failed bank's loans and other assets for \$17.0 million. To facilitate the transaction, the FDIC will advance \$14.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$15.5 million. Total assets of the failed bank amounted to \$32.5 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 First National Bank of Ruidoso.

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 shareholders of the closed bank.

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