



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-40-84 (5-4-84)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF
THE FIRST NATIONAL BANK OF RUSHFORD, RUSHFORD, MINNESOTA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of The First National Bank of Rushford, Rushford, Minnesota, have been assumed by Goodhue County National Bank, Red Wing, Minnesota. The failed bank's sole office will reopen on Monday, May 7, 1984, as a branch of Goodhue County National Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

The First National Bank of Rushford was closed on May 4, 1984, by Acting Comptroller of the Currency H. Joe Selby and the FDIC was named receiver. Mr. Selby said: "Over the past year the bank experienced substantial deterioration in the quality of its loan portfolio. The First National Bank of Rushford was unable to remedy its problems and losses finally exhausted the bank's capital funds, resulting in its insolvency."

In addition to assuming about \$20 million in 5,200 deposit accounts and other liabilities, Goodhue County National Bank has agreed to pay the FDIC a purchase premium of \$1,050,000. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$15.7 million to the assuming bank and will retain assets of the failed bank with a book value of approximately \$17.7 million.

The FDIC approved the deposit transfer 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 Goodhue County National Bank. The FDIC expects to recover a

- more -

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 shareholders of the closed bank.

#