



# NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-149-84 (12-7-84)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF  
FARMERS STATE BANK OF HOLYOKE, HOLYOKE, COLORADO

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Farmers State Bank of Holyoke, Holyoke, Colorado, have been assumed by Security National Bank, Holyoke, Colorado, a newly-chartered national bank. The failed bank's sole office will reopen on Monday, December 10, 1984, as Security National Bank, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Farmers State Bank of Holyoke was closed on December 7, 1984, by Richard B. Doby, Colorado State Bank Commissioner, and the FDIC was named receiver. Commissioner Doby said the failure was caused by "a capital inadequacy due to continued erosion of asset quality."

In addition to assuming about \$3.6 million in 913 deposit accounts, Security National Bank has agreed to pay the FDIC a purchase premium of \$152,200. The assuming bank will purchase the failed bank's real estate loans and installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$2.1 million and will retain assets of the failed bank with a book value of approximately \$2.5 million.

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 Security National Bank.

- more -

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 shareholders of the closed bank.

# # #