



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC APPROVES ASSUMPTION OF DEPOSITS OF FIRST NATIONAL BANK OF CEDAR HILL, CEDAR HILL, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of deposits and secured liabilities of the First National Bank of Cedar Hill, Cedar Hill, Texas, by First State Bank, Blooming Grove, Texas.

First National Bank of Cedar Hill, with total assets of \$11.6 million, was closed on Thursday, May 16, 1991, by the Office of the Comptroller of the Currency, and the FDIC was named receiver.

The failed bank's sole office will reopen on Friday, May 17, 1991, as a branch of First State Bank, and its depositors automatically will become depositors of the assuming bank.

First State Bank will assume about \$11.8 million in 2,600 deposit accounts and has agreed to pay the FDIC a purchase premium of \$1,000. It also will purchase \$10.2 million of the failed bank's assets, including \$1.9 million in loans. To facilitate the transaction, the FDIC will advance about \$1.6 million to the assuming bank and will retain assets of the failed bank with a book value of about \$1.4 million.

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 FDIC will recover a portion of its outlay through the liquidation of assets not transferred to the assuming bank. Creditors of the failed bank will share proportionately with the FDIC in the proceeds realized from the liquidation of the failed bank's assets.

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