



# NEWS RELEASE

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## FDIC APPROVES ASSUMPTION OF DEPOSITS OF LOWELL INSTITUTION FOR SAVINGS, LOWELL, MASSACHUSETTS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of the deposit liabilities of Lowell Institution for Savings, Lowell, Massachusetts, by The Family Mutual Savings Bank, Haverhill, Massachusetts.

The failed bank's eight offices will reopen on Saturday, August 31, 1991, as branches of The Family Mutual Savings Bank, and its depositors automatically will become depositors of the assuming bank.

Lowell Institution for Savings, with total assets of \$402.8 million, was closed on Friday, August 30, 1991, by Michael C. Hanson, Massachusetts Commissioner of Banks, and the FDIC was named liquidating agent.

The Family Mutual Savings Bank will assume about \$322.2 million in about 34,100 deposit accounts, including approximately \$10.6 million in 198 accounts that exceeded the FDIC insurance limit of \$100,000. The Mutual Savings Central Fund, Inc., a corporation established to provide financial assistance and deposit insurance to Massachusetts' savings banks, through its Deposit Insurance Fund provided the FDIC \$2,868,000 to facilitate the assumption of the \$10.6 million in uninsured deposits.

The assuming bank has agreed to pay the FDIC a purchase premium of \$1,100,000 for the right to receive the deposits of Lowell Institution for Savings. It also will purchase approximately \$30.3 million of the failed bank's assets and will have options to purchase other loans over a 45-day period.

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To facilitate the transaction, the FDIC will advance about \$290.8 million to the assuming bank and will retain assets of the failed bank with a book value of \$372.5 million. In addition, the FDIC as liquidating agent will repay about about \$73.2 million in secured borrowings.

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. Non-depositor creditors of the failed bank will share proportionately with the FDIC in the proceeds realized from the liquidation of assets not transferred to the assuming bank.

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