Regulators shut banks in Calif., Ga. and SD

The Federal Deposit Insurance Corp. was appointed receiver of the four banks. The two biggest were Temecula Valley Bank, in Temecula, Calif., with $1.5 billion in assets and deposits of about $1.3 billion as of May 31 and Vineyard Bank, National Association, of Rancho Cucamonga, Calif. It had assets of $1.9 billion and $1.6 billion in deposits as of March 31.

The two smaller banks were First Piedmont Bank, based in Winder, Ga., which had about $115 million in assets and $109 million in deposits as of July 6 and BankFirst, based in Sioux Falls, S.D., with around $275 million in assets and $254 million in deposits as of April 30.

The FDIC said all of Temucula's deposits will be assumed by First-Citizens Bank and Trust Company of Raleigh, N.C. The bank also will purchase essentially all of the assets. San Diego-based California Bank & Trust agreed to assume the deposits of Vineyard Bank, excluding about $134 million from brokers. California Bank & Trust will purchase about $1.8 billion of assets. The FDIC will retain the remaining assets for later disposition.

The FDIC and First-Citizens struck a loss-share agreement on about $1.3 billion of Temecula's assets. The agency and California Bank & Trust agreed to a loss-share transaction for about $1.5 billion of Vineyard assets.

All of First Piedmont's deposits will be assumed by First American Bank and Trust Co. of Athens, Ga., which also agreed to buy about $111 million of its assets. Alerus Financial, based in Grand Forks, N.D., agreed to assume all the deposits of BankFirst as well as $72 million in assets.

In addition, the federal agency and First American Bank and Trust entered into a loss-sharing agreement covering about $90 million of First Piedmont Bank's assets. And Beal Bank Nevada, based in Las Vegas, agreed to acquire $177 million of BankFirst's loans.

Friday's move brings the number of bank closings in California this year to eight.

With First Piedmont, 15 Georgia banks have failed since the beginning of 2008, more than in any other state. Most of the failures have involved banks in the Atlanta area, where the collapse of the real estate market brought economic dislocation.

Until Friday, however, no federally insured bank had been closed in South Dakota since 1992, when First Federal Savings Bank of South Dakota, based in Rapid City, was shut down during the savings and loan crisis.

The 57 bank failures nationwide this year compare with 25 last year and three in 2007.

The FDIC estimates that the cost to the deposit insurance fund from the failure of Temecula will be $391 million and $579 million for Vineyard Bank. For First Piedmont Bank, the cost is put at $29 million. The cost to the fund from BankFirst's failure is estimated at $91 million.

Regulators shut Calif. banks, small banks in Georgia, South Dakota; marks 57 US bank failures

- By Marcy Gordon, AP Business Writer
- On Saturday July 18, 2009, 2:36 am EDT

As the economy has soured -- with unemployment rising, home prices tumbling and loan defaults soaring -- bank failures have cascaded and sapped billions out of the deposit insurance fund. It now stands at its lowest level since 1993, $13 billion as of the first quarter.

While losses on home mortgages may be leveling off, delinquencies on commercial real estate loans remain a hot spot of potential trouble, FDIC officials say. If the recession deepens, defaults on the high-risk loans could spike. Many regional banks hold large numbers of them.

The Treasury Department has launched a program in which financial firms will buy as much as $40 billion worth of banks' soured, mortgage-linked investments. That amount is far below the potential $1 trillion in assets that the government originally hoped to take off the banks' books through the program and another that would have targeted bad loans.

WASHINGTON (AP) -- Regulators on Friday shut two banks in California and two smaller banks in Georgia and South Dakota, boosting to 57 the number of federally insured banks to fail this year.The problem assets helped spark the financial crisis as they lost value and banks became unable to sell them. They have been weighing down banks' balance sheets -- one reason the industry has had trouble providing the credit necessary to support an economic recovery.

The number of banks on the FDIC's list of problem institutions leaped to 305 in the first quarter -- the highest number since 1994 during the savings and loan crisis -- from 252 in the fourth quarter. The FDIC expects U.S. bank failures to cost the insurance fund around $70 billion through 2013.

The May closing of struggling Florida thrift BankUnited FSB is expected to cost the insurance fund $4.9 billion, the second-largest hit since the financial crisis began. The costliest was the July 2008 seizure of big California lender IndyMac Bank, on which the insurance fund is estimated to have lost $10.7 billion.

The largest U.S. bank failure ever also came last year: Seattle-based thrift Washington Mutual Inc. fell in September, with about $307 billion in assets. It was acquired by JPMorgan Chase & Co. for $1.9 billion in a deal brokered by the FDIC.