Bank board puts 11 La. S&Ls up for sale

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NEW ORLEANS — The Federal Home Loan Bank Board is trying to sell 11 Louisiana savings and loan institutions with assets totaling nearly $2 billion to potential buyers in and out of state, FHLBB Chairman Danny Wall said Thursday.

The 11 thrifts up for sale will be combined into four separate thrifts, which will be merged based on geographic area and customer base, Wall said at the Tulane Business Forum Thursday.

He said some of the thrifts targeted for sale are operating under the bank board’s management consignment program, which involves oversight boards assigned by the FHLBB when it takes over insolvent thrifts. All of the thrifts are among those paying the highest rates on deposit accounts.

The creation of the four new thrifts is modeled after the Southwest Plan, which uses innovative financing techniques to bring together savings institutions and to attract buyers. The FHLBB also takes an ownership interest in the newly created savings and loan.

Louisiana thrifts lost a total of $118.4 million through June 30, according to Sheshunoff Information Services Inc., a firm in Austin, Texas, which tracks bank and thrift performance. Many of Louisiana’s savings and loans are insolvent.

One of the four new thrift institutions to be created through the Southwest Plan will pull together three thrifts in and near the Baton Rouge area and is expected to total just under $200 million in assets, Wall said.

He would not name the thrifts involved, but said the bank board planned to announce a buyer by Nov. 18.

The other eight thrifts are anticipated to merge and create three new institutions with separate asset bases of $266 million, $225 million and $1.3 billion, he said.

Wall said out-of-state purchasers would be welcome, but preference will be given to in-state buyers.

“I feel comfortable that those transactions will be effective,” said Fred Dent, Commissioner of Financial Institutions. Dent said he could not discuss the names of the thrifts either.

Wall said he expects the sales to be concluded by Dec. 31 because of tax law changes scheduled to take effect next year. The changes would tax as income the assistance given by the FHLBB and Federal Savings and Loan Insurance Corp. to buyers of failed thrifts. That could dampen interest and hinder the sales of the insolvent institutions, Wall said.