The Sterlington Bank in Sterlington, a rural Ouachita Parish town of about 1,400 residents, failed Thursday, the 12th Louisiana bank to collapse this year.

The number of failed banks to date represents more than double the number that had failed through July 14, 1988, when five banks had collapsed, and exceeds by one the 11 banks that failed during the entire year last year.

Thursday's bank failure underscores continued stress in Louisiana banking, especially in North Louisiana where four other banks have failed this year.

Among the remaining seven bank failures so far this year, four collapsed in the Greater New Orleans area; two — First National Bank of East Baton Rouge and Livingston Bank in Denham Springs — failed in the Baton Rouge area; and one failed in Lafayette.

“We are doing what might be called a final scrubbing,” said Fred Dent, commissioner of the Office of Financial Institutions. “We’ve had a number of banks with problems that have turned. Some have not turned,” he said.

Dent closed The Sterlington Bank after too many bad real estate loans drove it to insolvency. At year-end 1988, 12.65 percent of the bank’s gross loans were nonperforming, meaning they were no longer paying on their original terms or were real estate held by the bank, according to Sheshunoff Information Services Inc., a Texas-based firm that tracks the performance of banks and thrifts.

Before Thursday's closure, Sterlington's attempt to work out of its problems was complicated in part by the death of a major stockholder earlier this year, whose estate settlement turned negatively affected the level of the bank’s capital, Dent said.

The Federal Deposit Insurance Corp. was appointed receiver of the failed bank, and its sole office is scheduled to reopen Friday morning as a branch of the Bank of St. Joseph & Trust Co., headquartered in Tensas Parish.

The Bank of St. Joseph is assuming about $15 million in 3,200 deposit accounts and is buying $12.9 million of the failed bank’s total $15.8 million in assets at a discount of $97,000. Included in the Bank of St. Joseph’s asset purchase is $1.7 million in small loans.

The FDIC is keeping $2.9 million of Sterlington’s troubled assets and is advancing $2.2 million to Bank of St. Joseph to effect the transaction.

The Bank of Saint Joseph, located in St. Joseph in the agricultural parish of Tensas, also operates branches in Waterproof, Newellton and Tallulah.

Its data processing system enables it to “shrink” the geographic distance between its branches, said William W. Watson, president of the Bank of St. Joseph.

Although the economy remains “relatively tough” in the northwest corner of Louisiana, “these small communities will be here” and will need community banks, Watson said.

Including its purchase of Sterlington’s assets, the Bank of St. Joseph counts $77 million in total assets and about $31 million in total loans, Watson said.