By DOUGLAS DEMMONS
 Advocate staff writer

Horizon Federal succeeds Sun Belt

The day before his bank collapsed, Alan Weitz was enthusiastically relating his ideas on how to save the savings and loan industry. Until Friday at 6 p.m., Weitz was chairman of the most debt-ridden savings institution in the state — a mess of speculative and poorly underwritten loans he inherited known as Sun Belt Federal Bank.

But after many months of tolerating the situation, the Federal Home Loan Bank Board finally liquidated the bank and created Horizon Federal Savings and Loan Association out of the ruins.

Horizon opened for business Monday morning without Sun Belt’s debt, with about $245 million in assets and, according to its new chairman, without the old Sun Belt image.

Weitz had taken over Sun Belt in June 1985 with the blessings of bank regulators who hoped he could turn around a steadily deteriorating loan portfolio.

He quickly acquired a reputation for swinging a sharp ax on some prominent developers. By early this year, he was being interviewed by the CBS Evening News for his plan to save the troubled savings and loan industry.

For Louisiana, he had proposed to bank regulators in

SEE HORIZON, 7A.
Continued from 1A

Dallas and Washington that as many as 25 problem institutions be merged into one large problem bank.

That bank, he said, would act as a giant collection agency — much as Sun Belt did — to recover as much of the bad debt as possible.

The megaproblem bank would then spin off subsidiaries that would engage in profitable activities such as consumer lending and mortgages. The subsidiaries would turn the profits back into the problem bank.

Weitz never got an answer from the bank regulators.

"I'm just a voice in the forest and I can't seem to get it across," Weitz said.

Weitz lamented Friday night that he might have been more successful at turning Sun Belt around if the bank board had loosened its iron grip on the bank.

Sun Belt had been prevented from advertising for deposits and was required to have major loans approved by the bank board.

In the end, however, the bank regulators and insurers relied on the standard formula and implemented their final solution on Sun Belt, spending millions to create a new Horizon Federal and assuming millions more in old Sun Belt debt.

Weitz, who had taken over the bank with an option to purchase 90 percent of the stock for $1, received a public note of thanks for a good effort and an offer to stay on in the interim.

Horizon starts off with about $245 million in assets — representing the remainder of Sun Belt's deposits and a cash infusion from the bank board.

"It's basically starting from the beginning," bank board spokeswoman Andrea Plater said.

The first day of business for Horizon was inauspicious, she said.

"It's been a very, very slow day for all of the branches. The depositors realize there is nothing to worry about," Plater said.

The problem loans that by Weitz's estimate made up nearly 70 percent of Sun Belt's portfolio were assumed by the Federal Savings and Loan Insurance Corp.

About $8 million remained in uninsured deposits, mostly from certificates of deposit in excess of $100,000. All other funds are insured up to $100,000.

The bank board won't comment on how much the bailout will cost the federal government. A spokeswoman said it may be months or years before all the paperwork is sorted out.

Sun Belt, however, had declared that as of Dec. 31 it was worth a negative $81 million and had lost $84.4 million during 1985.

Horizon's new chairman, Rolan Tucker, said Monday, "We have been assured by the regulators that there will be sufficient capital infused into Horizon."

Tucker said the legacy of Sun Belt is now old news and will not be dwelled upon.

"I have no reason to associate with it," said Tucker, who is also vice chairman of Metropolitan Savings and Loan Association of Dallas, a $650 million institution. "We need to move forward with the new association."

Tucker is one of five prominent business and banking figures recruited by the bank board to take charge of Horizon. Tucker served two terms and part of a third as a director of the bank board's district office in Dallas.

Tucker said he was informed of his appointment by the bank board only a few days before Sun Belt was closed and is not fully aware of Sun Belt's problems.

He said the situation should be clearer after the next directors' meeting on May 28.