Metairie thrift becomes state's 28th to fail

Advocate news services

Columbia Homestead Association in Metairie was declared insolvent by federal regulators and placed in the federal conservatorship program Friday.

The troubled thrift was renamed Columbia Federal Homestead Savings and Loan Association.

It had about $101.5 million in assets and $90.4 million in 9,032 deposit accounts at the time it was placed in the conservatorship program.

Columbia is being managed by the Resolution Trust Corp. — a federal agency established in August under legislation to bail out the nation's troubled savings and loan industry.

Columbia is the 28th thrift in Louisiana to be placed into the conservatorship program, said Fred Dent, Louisiana's Commissioner of Financial Institutions. Of those, five have been sold.

The RTC will be managing Columbia on an interim basis. RTC officials will analyze its operations and make recommendations on how best to restore its financial health and end government management.

"That may mean we may be able to make arrangements for a merger, acquisition or transfer of deposits," said Andrea Plater, a spokeswoman for RTC.

In most cases, she said, RTC is able to find another institution to take over the failed one. That sometimes means RTC has to foot part of the takeover bill by hanging on to the failed thrift's hard-to-collect loans or other poor quality assets. Whether that will be the case with the Metairie thrift remains to be seen, she said.

The RTC is charged with disposing of the assets it keeps with as little loss as possible. For instance, if the assets include property, the RTC is required to obtain at least 95 percent of the property's assessed value when it is sold, Plater said.

RTC officials said in a news release that Columbia will maintain normal business hours and operations while the RTC is in charge.

Columbia Homestead had $101 million in assets on March 30, 1989, and had reported a loss of $242,000 for the first quarter, according to Sheshunoff Information Services Inc., an Austin, Texas, firm that tracks financial institutions. It had reported cumulative losses totaling $4.11 million from 1986-1988.

Regulatory capital was 0.54 percent of assets on March 30.