Premier's 'bad bank' will help

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Premier Bancorp's plan to dispose of $450 million in troubled loans and foreclosed real estate "represents a step forward" in finding solutions for bleeding banks, says the man who will head Premier's proposed "bad bank.

"Our goal is to get a fresh look at a credit (loan)," said James Lindeman, the Premier Bancorp executive who will head up Florida Street National Bank.

Lindeman, who didn't expand much on his comments, was referring to the role that Florida Street National Bank will play in assessing the best way to liquidate or work out the bad loans that Premier will sell to the bank.

When Florida Street National Bank opens for business in October — pending regulatory approval — it will raise operating cash — it will be one of only two banks of its kind in the country.

FSNB won't make new loans. It won't take deposits. It has no plans to grow into a bigger bank. Instead, it aims to shrink in size until there is nothing left and it can go out business.

What Florida Street National Bank will be is a bank with a mission: unload $450 million in Premier Bancorp bad loans through liquidation or by working out agreements with the borrowers who want to bring the loans back to performing status so they can be refinanced by a traditional bank.

Lindeman, chairman of Premier Bancorp, investment banking firm Kidder Peabody has not given Premier written commitments that it will buy the bonds if no investors come forward, although it is not expected that there will be problems finding buyers.

After the money is raised, Florida Street National Bank will borrow $450 million from Premier, giving it a total of $315 million. Florida Street will then take the $315 million and buy Premier's $450 million in problem loans.

The $135 million discount — equal to a third of the $450 million in loans — is designed to fund Florida Street's expenses during its expected 10-year life span, the period Premier officials think will be necessary to dispose and liquidate FSNB's loans.

Lindeman is closed-mouthed about his opinions on the

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