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## SEPTEMBER 11, 2001

by [Steve Brown](#)

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"... for those of us who lived through these events, the only marker we'll ever need is the tick of a clock at the 46th minute of the eighth hour of the 11th day." We will never forget.

### BANK NEWS

#### **M&A**

Patriot Bank (\$1.13B, TX) has entered a deal to purchase Texas Community Bank NA (\$536mm, TX) for an undisclosed sum. Texas Community's nonperforming loans rose to 4.2% from just 1% at the end of last year.

#### **End or Extension**

The FDIC has proposed winding down the debt-guarantee program by Oct 31 and potentially allowing a 6-month emergency extension. In the 1Q, over \$120mm (60 deals) in Gov't backed debt was issued. Thus far this quarter, only 6 institutions have participated.

#### **Regulator Improvement**

An audit by the FDIC's Office of Inspector General looked at regulator's role in the FirstBank (\$300mm, GA) failure. FirstBank Excessive risk had been noted since 2002, but unfortunately, by the time the C&D came down in mid-2008, it was too late and the bank was shut in Feb. of this year. The report leads readers to the conclusion that regulators need to require more action sooner.

#### **Ongoing Pressure**

Foresight Analytics reports delinquency rates on construction and land climbed to 16.3% in 2Q, up from 14.5% in 1Q.

#### **Muni Stress**

In an effort to fill budget holes, about 62% of cities have canceled or delayed projects to save money. In addition, 67% have fired staff, 45% have increased fees for services and about 25% have increased property taxes.

#### **Profitable Venture**

The Treasury is reporting it made \$4B on its TARP investments in banks so far or about a 15% annualized rate of return.

#### **Deposit Insurance**

If you wondered where all of your profits have gone, consider that deposit insurance payments have risen about 600% year over year.

#### **Failure Projection**

Private equity investor Wilbur Ross projects 500 more bank failures between now and the end of 2010. Other projections have ranged from 100 to 1,000 more.

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