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Bank Watch: Two Banks Selling Their Nevada Branches To New CRE Lender

Also This Week: Cut Your CRE Exposure, FDIC Tells Royal Bank America; A North Carolina Bank Reaches Across Country To Pick Up Failed California Bank; and California Bank & Trust Picks Ups Assets of Two Failed Banks

By [Mark Heschmeyer](#)
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The Colonial BancGroup Inc. in Montgomery, AL, has reached a deal to sell 21 its Colonial Bank's Nevada branches to Global Consumer Acquisition Corp. a New York-based investment group.

Separately, Capitol Bancorp Ltd. in Lansing, MI, will sell its Nevada-based branches of affiliate, 1st Commerce Bank to Global Consumer Acquisition, in partnership with a group of local bankers led by Mark Daigle, the Nevada regional president for Colonial Bank.

Global Consumer Acquisition is recapitalizing a newly formed Nevada bank holding company to be called Western Liberty Bancorp with approximately \$300 million of new equity. The deal removes any legacy loans of concern from the Nevada banks.

Following the acquisitions, Western Liberty will have 22 branches with \$477 of gross loan assets of which about 69% will be commercial real estate related, and of that portion 22% would be related to multifamily properties and 20% to office.

Cut Your CRE Exposure, FDIC Tells Royal Bank America

Royal Bank America, a subsidiary of Royal Bancshares of Pennsylvania Inc., consented to a cease and desist order from the Federal Deposit Insurance Corp. (FDIC) and the Commonwealth of Pennsylvania Department of Banking.

The order requires the bank to among other things, develop a written plan to reduce the bank's commercial real estate loan concentration, eliminate all assets classified as loss and reduce assets classified as doubtful and substandard, have and retain qualified management and increase participation of the bank's board in the bank's affairs.

Royal Bank America based in Narberth, PA, had assets of \$1.1 billion as of March 31. About 9.5% of its assets were considered nonperforming, including \$22.3 million in assets related to commercial income producing properties.

North Carolina Bank Reaches Across Country To Pick Up Failed California Bank

First Citizens Bank, the primary subsidiary of Raleigh, NC-based First Citizens BancShares agreed to purchase substantially all the assets and assume the majority of the liabilities of Temecula Valley Bank of Temecula, CA. The FDIC serves as Receiver of the institution.

Earlier this month, CoStar's Bank Watch reported that Bancroft Capital LLC and other institutional investors, including Orient Property Group LLC, decided not proceed with their proposed equity investment in Temecula Valley Bank - a move that virtually assured the bank's failure.

First Citizens Bank was selected to complete this transaction through a competitive bidding process. First Citizens BancShares operates IronStone Bank franchise in San Diego and Orange County.

At March 31, 2009, Temecula Valley Bank reported total assets of \$1.5 billion, loans of \$1.1 billion and total deposits of \$1.3 billion. Under the terms of the agreement, First Citizens Bank has the option to purchase any owned bank premises, or to assume the leases on any or all of the banking offices. The loans and other real estate owned by Temecula Valley Bank purchased by First Citizens are covered by a loss share agreement between the FDIC and First Citizens which provides protection against losses to First Citizens Bank.

Temecula Valley Bancorp had gross non-performing assets of \$182.3 million, or 12.2% of total assets, at the end of the first quarter. Almost 41% of those assets (\$74.5 million) consisted of income producing commercial real estate including multifamily loans and properties.

California Bank & Trust Picks Ups Assets of Two Failed Banks

California Bank & Trust in San Diego acquired the failed banking operations of Vineyard Bank in Corona and Alliance Bank in Culver City. The FDIC facilitated the transactions.

The Vineyard transaction includes \$1.4 billion in loans and \$1.5 billion of deposits. Vineyard Bank operated 16 branches mainly in eastern Los Angeles County and western San Bernardino County. Under the terms of this transaction, CB&T will enter into a loss sharing agreement with the FDIC on all loans and about 76 million in real estate owned properties, which was mainly residential construction and development related. The FDIC will retain the assets for later disposition.

For Alliance Bank, the FDIC entered into a purchase and assumption agreement with California Bank & Trust to assume all of the deposits and five branches.

As of Dec. 31, 2008, Alliance Bank had total assets of approximately \$1.14 billion of which California Bank & Trust agreed to purchase approximately \$1.12 billion at a discount of \$9.9 million. The FDIC will retain the remaining assets for later disposition.

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