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## Program Aims to Aid Small Gulf Coast Banks

■ BY JOE ADLER

WASHINGTON — Roughly 300 small banks affected by last year's Gulf Coast hurricanes would get an infusion of corporate deposits through a five-year program being unveiled in New Orleans today.

The Gulf Coast Rebuilding Challenge aims to raise \$1 billion in corporate deposits that would provide liquidity for community banks to finance reconstruction efforts in areas damaged by last year's Gulf Coast hurricanes.

"There's a tremendous need in this area over the next three years as far as rebuilding is concerned," said Alden J. McDonald Jr., the president of the \$336 million-asset Liberty Bank and Trust Co. in New Orleans. "We have to rebuild hundreds of thousands of new homes. It will take tremendous resources."

General Motors Corp., Microsoft Corp., Home Depot Inc., Bank of America Corp., Fannie Mae, and First American Corp. are among the companies that have already raised \$50 million for the program, which was organized by Promontory Interfinancial Network and Fannie Mae. Companies may make deposits of \$1 million, \$3 million, \$5 million, or higher.

Promontory's Certificate of Deposit Account Registry Service, or CDARS, subdivides accounts of up to \$30 million and places funds at banks in increments of less than \$100,000 so that they qualify for Federal Deposit Insurance Corp. protection.

Community banks that want to receive deposits through the program must have less than \$500 million of assets and lie within storm-affected areas defined by the Gulf Opportunity Zone Act of 2005. Those banks can then negotiate a special interest rate with a corporate depositor and use the funds immediately. According to Promontory, about 300 banks in the area qualify for the program.

"Rebuilding of the Gulf Coast is an ongoing process that must engage the public and private sectors," Don Powell, the federal coordinator for Gulf Coast Rebuilding and former FDIC chairman,

said in a press release. His office will have representatives on hand for today's announcement. "The federal government has allocated significant resources in the region, and identifying private-sector funding is another critical step in the rebuilding process."

Under the program, community banks can avoid Promontory's implementation fees — which can range up to \$3,000 — but will still have to pay between 2.25 and 12.5 basis points a year for each account serviced by Promontory.

(Promontory, of Arlington, Va., waived all fees under an earlier program to sign up storm-affected community banks for CDARS just after the hurricanes. That effort attracted roughly 30 banks.)

Mark Jacobsen, Promontory Interfinancial Network's president and chief operating officer, said the company will not make a profit on the Gulf Coast program until the community banks that sign up are members "for years."

"Five years from now, if these banks are fully on their feet and living in vibrant neighborhoods, and through this program have been introduced to CDARS and start introducing it to Main Street customers, that's a great thing for us," Mr. Jacobsen said. "It's the only way we know how to help. Will we make a profit on this? No." ■

