FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

FOR IMMEDIATE RELEASE PR-44-89 (3-1-89)

SEIDMAN TELLS BANKERS THRIFT ASSETS WILL BE FOR SALE WHEN HANDED TO FDIC

Real estate assets turned over to the Federal Deposit Insurance Corporation as it resolves insolvencies in the savings and loan industry will be put on the market and sold for current value, not "dumped" on the market or held in anticipation of future appreciation, FDIC Chairman L. William Seidman today said in a telephone address to bankers meeting in California.

"Some groups have asked us about our plans for asset liquidation, particularly real estate. They have asked us to hold real estate off the market and not to sell until the price is right--whenever that is. The FDIC's present position is as it has been in the past--that all real estate will be for sale," Mr. Seidman said.

In his remarks to the Independent Bankers Association of America, Mr. Seidman noted the FDIC does not dump real estate from insolvent commercial banks and has no plans to begin dumping real estate obtained from insolvent thrifts. "In the cases where we must take control of thrift assets, we will try to sell these properties at current fair market value. No sales will be made on a 'whatever we can get' basis."

Mr. Seidman said the FDIC will attempt to ease the process for investors interested in acquiring real estate, and is willing to begin discussing terms. Holding properties off the market under asset management agreements, he observed, would only create uncertainty and could actually be detrimental to the real estate market and local economy.

-more-

In expressing overall support for President Bush's proposal for dealing with the savings and loan insolvencies, Mr. Seidman said it is important that insurance coverage be available for institutions, both banks and thrifts, that are interested in offering nontraditional products and services through separately-capitalized subsidiaries. However, he stressed that strong firewalls must be required so insured depository institutions are not endangered by nontraditional activities.

"Many have said let's limit the kinds of activities that the states can permit through the dual banking system," Mr. Seidman observed. "If these riskier, nontraditional activities were permitted, but conducted by a bank or thrift in a separate subsidiary or affiliate, the insured bank or thrift would remain safe if the affiliate failed and reap the benefits if it prospered," he said.

###