FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION
NEWS RELEASE

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FDIC PLANS BULK SALE OF ASSETS MANAGED BY FADA

The FDIC shortly will offer for sale as one package all of the real estate managed by the Federal Asset Disposition Association (FADA), Chairman L. William Seidman announced today.

"This is the first time we are offering a block of real estate as a package as part of our efforts to attract new capital to the real estate market," he told the Southern Methodist University Business School in Dallas.

Mr. Seidman also disclosed that the FDIC has received over 250 inquiries in response to its announcement last week that the Federal Asset Disposition Association is for sale.

The FADA real estate package, with an asking price of $428 million, is composed of 150 properties, with over half located in Texas and the rest in California, Colorado, Arizona and Florida. "We want this to be a bulk sale, so no bids on the Texas properties only at this time. You need to buy the entire lot," Mr. Seidman said. "So get out your checkbooks," he continued, "but be clear — the FDIC will not accept bids below current appraisals."

Mr. Seidman said the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) "will be a considerable guide" in conducting the bulk sale. FIRREA requires the Resolution Trust Corporation to sell property in distressed areas — such as Texas — at

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above 95 percent of market value, he noted. "In all geographic areas," he continued, "the RTC will employ systematic and orderly marketing strategies, and will avoid techniques that dispose of assets at any price."

Observing that he will soon mark his fourth anniversary as Chairman of the FDIC, Mr. Seidman pointed out that during his "watch" Texas banks accounted for 45 percent of all failed banks in the U.S. and represented 67 percent (or over $9 billion) of the FDIC's total cost for failed banks in the four-year period. Nevertheless, he said, "things in Texas are looking up."

On another topic, the RTC's need for working capital to resolve insolvent thrifts, Mr. Seidman explained that a shortfall develops when an insolvent thrift is sold because it takes time to sell off the institution's assets and recoup the RTC's outlay at the time of the resolution. The $50 billion allocated by Congress is designed to cover the cost of the insolvencies, not shortfalls in working capital. "The question is — Who do we borrow from to provide the working capital?" he said.

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