

# RTC REVIEW

RESOLUTION TRUST CORPORATION

VOL. I NO. 3

March 1990

L. William Seidman, Chairman

David C. Cooke, Executive Director

- \* **RTC Adds 20 Institutions To Conservatorship Program And Resolves 3 Cases In March**
- \* **RTC Announces Plans to Resolve 141 Institutions In Second Quarter, 94 Sold From Inception Through May 14 As Resolution Pace Quickens**
- \* **Proceeds of Asset Sales Total \$3.2 Billion In March**

## MARCH CONSERVATORSHIP CASELOAD

During March, 20 institutions were taken into conservatorship by the RTC. In the same month, resolution transactions reduced the caseload by three institutions. As a result, the total number of institutions in the conservatorship program rose to 350 at the end of March, compared with 333 a month earlier.

All three resolutions were purchase and assumption transactions in which all deposits, certain other liabilities and a significant portion of assets were sold to another party.

March resolution activity was slower than in previous months largely because of uncertainties stemming from legal challenges to the authority of the Office of Thrift Supervision to take action against institutions under its jurisdiction. From the inception of the RTC in August 1989 to the end of March, the aggregate number of cases resolved totalled 52.

More recently, however, the pace has quickened, as 42 cases were resolved in April and early May, raising to 94 the total number of resolutions accomplished through May 14. Continuation of this uptrend is anticipated, and the current goal is 141 resolutions from the end of March to the end of June.

In dollar terms, the 20 conservatorships established in March held a total of \$6.8 billion in assets, while the three March resolutions

### **RTC March Caseload** (\$ in billions)

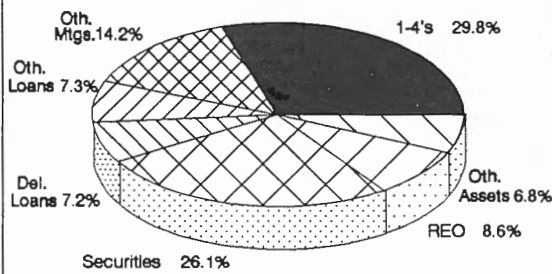
	<u>Number</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Deposits</u>
End of February	333	\$155.2	\$181.3	\$133.6
New Conservatorships	20	6.8	7.0	5.6
Resolved Cases	3	2.3	2.8	2.1
End of March	350	\$159.8	\$185.5	\$137.1

Assets based on preliminary 3/31/90 financial reports.

Liabilities and Deposits based on 1/31/90 financial reports.

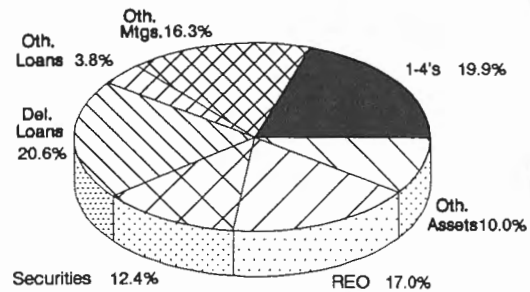
**CONSERVATORSHIP, RECEIVERSHIP ASSETS  
UNDER RTC MANAGEMENT  
As of March 31, 1990**

**CONSERVATORSHIPS  
As of March 31, 1990**



(Percentage Of Gross Assets)

**RECEIVERSHIPS  
As of March 31, 1990**



(Percentage Of Gross Assets)

**CONSERVATORSHIP INSTITUTIONS  
(dollars in billions)**

	Amount	Percent Gross Assets
Cash & Invst. Sec.	21.4	13.39%
Mtg. Backed Sec.	20.2	12.66
Perf. Lns. - Total	82.0	51.31
1-4 Family Mtgs.	47.6	29.79
Other Mtgs.	22.8	14.24
Oth. Loans.	11.6	7.28
Del. Lns. - Total	11.6	7.24
1-4 Family Mtgs.	1.3	.84
Other Mtgs.	8.6	5.39
Oth. Loans.	1.6	1.00
Real Estate Owned	13.7	8.59
Other Assets	10.9	6.81
Gross Assets	159.8	100.00

Data based on preliminary 3/31/90 information  
Number of Institutions: 350

**RECEIVERSHIP INSTITUTIONS  
(dollars in billions)**

	Amount	Percent Gross Assets
Cash & Invst. Sec.	1.1	7.96%
Oth. Sec.	0.6	4.40
Perf. Lns. - Total	5.3	40.06
1-4 Family Mtgs.	2.6	19.94
Other Mtgs.	2.2	16.32
Oth. Loans.	0.5	3.81
Del. Lns. - Total	2.7	20.63
1-4 Family Mtgs.	0.4	2.74
Other Mtgs.	2.0	14.89
Oth. Loans.	0.4	2.99
Real Estate Owned	2.3	16.98
Other Assets	1.3	9.97
Gross Assets	13.3	100.00

Data based on preliminary 3/31/90 information  
Number of institutions: 52

represented \$2.3 billion in assets. At the end of March, the 350 conservatorship institutions held \$ 159.8 billion in assets.

Of the total amount of assets held in institutions in conservatorships, 26.1% was in cash, mortgage-backed securities and other investments; 29.8 % was in performing 1-4 family mortgages; 21.5% was in other performing loans; 7.2% was in loans delinquent over 90 days; and 8.6% was in real estate.

As might be expected, the asset composition of institutions in receivership differed from that of conservatorship institutions in a number of important respects. For receiverships, cash and securities, performing 1-4 family mortgages and other total performing loans represented smaller proportions of total assets than in the case of conservatorships. On the other hand, delinquent loans (20.6%) and real estate (17.0%) were considerably higher relative to total assets in receiverships.

Including both conservatorships and receiverships, the total inventory of assets under RTC management at the end of March amounted to \$173.1 billion, according to preliminary data. This included \$43.3 billion in cash and securities, \$50.2 billion in performing 1-4 family mortgages loans, \$37.1 billion in other performing loans, \$14.3 billion in delinquent loans and \$16.0 billion in real estate.

#### **ASSET SALES AND COLLECTIONS FROM CONSERVATORSHIPS**

RTC conservatorships registered asset sales of \$2.1 billion in March. These sales included \$1.3 billion in securities, \$417 million in loans and \$264 million in real estate. Maturities and other payments brought in another \$3.0 billion.

From August to March, conservatorships collected \$19.9 billion from asset sales -- including \$14.8 billion in securities, \$2.7 billion in

loans and \$1.8 billion in real estate. Maturities and other payments totalled \$16.0 billion.

#### **RESOLUTION TRANSACTIONS AND RECEIVERSHIP COLLECTIONS**

In the three March resolutions, the RTC sold \$1.2 billion in assets to acquirers, which represented about one-half of the total assets held by the institutions involved in these transactions. Assets sold included \$637 million in mortgages and \$446 million in other loans.

From August to March, the RTC sold \$6.3 billion in assets as part of resolution transactions. Sales included \$3.8 billion in mortgages, \$905 million in other loans, \$1.0 billion in securities and \$635 million in other assets.

With respect to receivership proceeds, in March, the RTC received \$107 million in sales and principal payments and collected \$18 million in interest. Receivership sales and principal collections included \$82 million from loans and \$19 million from real estate.

From August to March, receiverships generated \$512 million in sales and principal payments -- including \$75 million from securities, \$344 million from loans, \$60 million from real estate and \$33 million from other assets -- and \$140 million in interest.

Combining conservatorships, resolutions and receiverships, the proceeds of asset sales of all types amounted to \$3.2 billion in March and \$26.3 billion for the entire August-March period.

#### **RTC's MAJOR REAL ESTATE SALES**

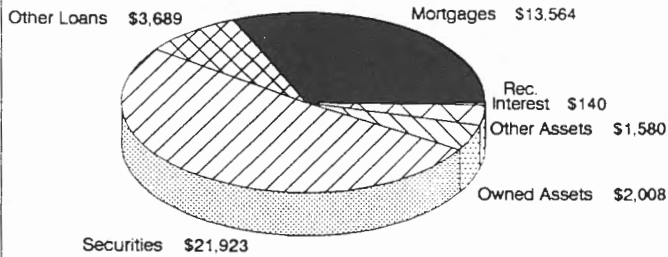
The proceeds of sales of real estate from conservatorships and receiverships totalled \$283 million in March. The book value of the properties sold amounted to an estimated \$403 million. Some of the highlights of the

# ASSET COLLECTIONS

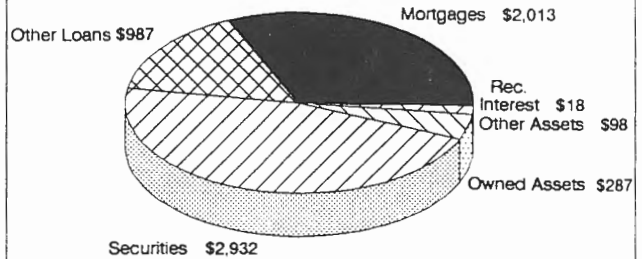
## CONSERVATORSHIPS, RESOLUTIONS, AND RECEIVERSHIPS

### SALES AND COLLECTIONS

**INCEPTION 1989 THROUGH MARCH 1990**  
(\$ in millions)



**MARCH 1990**  
(\$ in millions)



**CONSERVATORSHIPS SALES PROCEEDS**  
(\$ in millions)  
Inception through March 1990

	Total	E	C	SW	W
Mortgages	\$2,331	\$494	\$573	\$654	\$610
Other Loans	378	123	47	99	109
Securities	14,781	3,125	2,444	2,728	6,483
Owned Assets	1,828	271	258	683	616
Other Assets	597	148	112	167	170
<b>TOTALS</b>	<b>\$19,916</b>	<b>\$4,161</b>	<b>\$3,435</b>	<b>\$4,332</b>	<b>\$7,988</b>

**CONSERVATORSHIPS SALES PROCEEDS**  
(\$ in millions)  
March 1990

	Total	E	C	SW	W
Mortgages	\$403	\$144	\$61	\$22	\$176
Other Loans	14	0	4	4	7
Securities	1,345	443	510	143	248
Owned Assets	264	34	44	70	116
Other Assets	36	2	2	1	31
<b>TOTALS</b>	<b>\$2,062</b>	<b>\$624</b>	<b>\$620</b>	<b>\$240</b>	<b>\$578</b>

**CONSERVATORSHIP: OTHER COLLECTIONS**  
(\$ in millions)  
Inception through March 1990

	Total	E	C	SW	W
Mortgages	\$7,237	\$2,096	\$834	\$1,271	\$3,036
Other Loans	2,292	925	320	534	514
Securities	6,024	1,175	1,268	1,546	2,034
Owned Assets	115	47	16	41	11
Other Assets	319	37	158	94	30
<b>TOTALS</b>	<b>\$15,988</b>	<b>\$4,281</b>	<b>\$2,596</b>	<b>\$3,486</b>	<b>\$5,624</b>

**CONSERVATORSHIPS: OTHER COLLECTIONS**  
(\$ in millions)  
March 1990

	Total	E	C	SW	W
Mortgages	\$955	\$377	\$111	\$104	\$363
Other Loans	463	239	42	37	145
Securities	1,559	506	352	45	656
Owned Assets	4	3	0	1	0
Other Assets	12	3	2	4	3
<b>TOTALS</b>	<b>\$2,993</b>	<b>\$1,129</b>	<b>\$508</b>	<b>\$190</b>	<b>\$1,167</b>

**RESOLUTIONS AND RECEIVERSHIPS**  
SALES AND COLLECTIONS  
(\$ in millions)  
Inception through March 1990

	Total	E	C	SW	W
Mortgages	\$3,996	\$862	\$478	\$1,791	\$865
Other Loans	1,018	137	18	815	48
Securities	1,118	245	69	622	183
Owned Assets	65	21	6	26	12
Other Assets	664	219	29	333	83
Interest	140	63	12	51	13
<b>TOTALS</b>	<b>\$7,000</b>	<b>\$1,547</b>	<b>\$611</b>	<b>\$3,638</b>	<b>\$1,204</b>

**RESOLUTIONS AND RECEIVERSHIPS**  
SALES AND COLLECTIONS  
(\$ in millions)  
March 1990

	Total	E	C	SW	W
Mortgages	\$655	\$13	\$2	\$639	\$2
Other Loans	510	3	1	506	0
Securities	28	1	0	27	0
Owned Assets	19	6	1	9	3
Other Assets	49	0	4	45	0
Interest	18	8	2	6	2
<b>TOTALS</b>	<b>\$1,280</b>	<b>\$32</b>	<b>\$9</b>	<b>\$1,232</b>	<b>\$7</b>

\* By RTC Region.

RTC's March real estate sales activity include the following:

- \* Five parcels of land located in the Hastings Green area of Houston. The land was a real estate asset owned by Ameriway Savings Association, Houston, Texas, which has been operating under government supervision since March 9, 1989. The purchaser paid \$2.7 million for the land, which is 101% of its appraised value.
- \* The Hyatt Grand Champions Hotel, a 316-room and 20-villa luxury hotel on 34.5 acres in the Palm Springs area of California, was sold to Maruko, Inc. The hotel was a real estate asset owned by Gibraltar Savings, F.A., Simi Valley, California, which has been operating under government supervision since March 31, 1989. Maruko paid \$66.5 million for the property, which was 104% of its appraised market value.
- \* A 2.88-acre estate lot on Meadowood Drive in Dallas, which boasts tennis courts and a swimming pool. The residential-zoned lot, which sold for \$1.4 million, was a real estate asset of Metropolitan Financial Federal Savings and Loan Association, Dallas, Texas, which has been in government conservatorship since March 10, 1989. The purchaser plans to build a residence on the lot.
- \* A 224-unit apartment complex, on 8.3 acres of land, located in Houston, Texas. The complex was one of the assets retained by the RTC following the sale of University Federal Savings Association, Houston, Texas, to NCNB Texas National Bank on October 13, 1989. The purchaser paid \$1.6 million for the complex.
- \* 11.3 acres of residential land in a suburb of Dallas, Texas which sold for \$2.6 million. This land was also among the assets the RTC retained following the sale of University Federal.
- \* Eastchase Apartments, a 272-unit apartment complex located in Fort Worth, Texas and Oak Hills Apartments, a 244-unit apartment complex located in Irving, Texas, were sold to DMC-Dallas Apartments, a Dallas-area management company, for \$6.5 million and \$7.9 million, respectively. Oak Run Apartments, a 160-unit apartment complex located in Pasadena, Texas, was sold to Oak Run Manor, a Texas investment group, for \$3.3 million. All of these sales were completed through direct sales by the RTC. The complexes were real estate assets owned by Gill

Savings Association, which has been operating under government conservatorship since February 7, 1989.

### SOURCES AND USES OF FUNDS

The RTC obtained funds from four sources between August 9, 1989 and March 31, 1990: \$18.8 billion in Treasury appropriations, \$1.2 billion in Federal Home Loan Bank contributions, \$9.5 billion in Resolution Funding Corporation borrowings, and \$2.6 billion in Federal Financing Bank borrowings.

The 52 resolutions consummated through the end of March required approximately \$16.2 billion in outlays from the RTC. The RTC also advanced \$12.7 billion to conservatorship institutions as part of its high cost funds replacement program and emergency liquidity loans. These advances provided conservatorships with a source of funds for replacing high cost deposits as they matured. 200 institutions were participating in the funds replacement program as of March 31.

The RTC carried approximately \$3.2 billion into April to fund resolutions.

SOURCES AND USES OF FUNDS (\$ in billions) Inception through March 1990	
SOURCES:	
Treasury Appropriation	\$ 18.8
FHLB Contribution	1.2
REFCORP Borrowings	9.5
FFB Borrowings	2.6
TOTAL SOURCES	\$ 32.1
USES:	
Resolutions	\$ 16.2
Advances	12.7
TOTAL USES	\$ 28.9
NET FUNDS AVAILABLE*	\$ 3.2

\* Includes Funds For Corporate Administrative Expenses.

# MARCH NEWS NOTES

## RTC ANNOUNCES SEMINARS

The RTC announced that it will hold ten seminars to inform the public about how the RTC works and how to take part in the many opportunities that the RTC has to offer. These one-day conferences, titled "How to Work with the RTC," were scheduled to take place between April 17 and July 11, 1990, in a number of cities around the country.

The cost for the event is \$220, which includes two meals and the conference materials. Interested individuals can contact 1-800-431-0600 to register or to receive more information on the seminar.

## RTC ESTABLISHES 14 CONSOLIDATED OFFICES

The RTC announced that it has established 14 regional service centers for the RTC's asset sales and real estate management activities. RTC Executive Director David C. Cooke explained that the purpose for establishing these consolidated offices is "to be in touch with and accessible to the local markets where our assets exist."

These consolidated offices will operate under the jurisdiction of the RTC's four regional offices. Specific information on the consolidated offices including their addresses and phone numbers is available from the RTC Reading Room at (202) 416-6940.

## RTC TO RESOLVE 141 INSTITUTIONS BY END OF JUNE

On March 21, RTC Chairman L. William Seidman spoke to the National Press Club in

Washington, D.C. Saying that "sales is the name of the game," the Chairman announced that the RTC would sell or liquidate 141 conservatorship institutions by June 30, 1990--including at least 50 institutions that would be liquidated without any sales attempts. He called these liquidations "Operation Clean Sweep". Each of the 141 institutions slated for resolution by June 30, including the Operation Clean Sweep S&L's, have been advertised in the Wall Street Journal. As of May 14, 42 of the 141 institutions had been resolved.

During his speech the Chairman also announced that:

- \* The RTC would make a new computerized real estate asset inventory available to the public in the spring.
- \* The agency will hold a major auction of "opportunity" real estate assets by summer's end.
- \* The RTC expects to sell about 1,000 low income properties within the next six months.

Copies of Chairman Seidman's speech and the RTC's advertisements are available from the RTC Reading Room.

## KEY POLICY ACTION IN MARCH

The RTC Board agreed that institutions that completed FSLIC-assisted transactions will not be precluded from buying thrifts from the RTC.

This and all other RTC policy statements are available from the RTC Reading Room at (202)416-6940. Written requests should be mailed to RTC Reading Room, 550 17th Street, N.W., Washington, D.C. 20429.