

RTC REVIEW

RESOLUTION TRUST CORPORATION

VOL. I NO. 7

July 1990

L. William Seidman, Chairman

David C. Cooke, Executive Director

- * **RTC Adds 14 S&Ls to Conservatorship Program in July, While Resolving 4 Institutions**
- * **241 Thrifts Resolved by RTC from Its Inception Through August 31**
- * **Asset Sales and Collections Total \$5 Billion in July, \$84 Billion Since Inception**

CONSERVATORSHIP CASELOAD; ASSET INVENTORY

In July, 14 thrift institutions were added to the RTC's conservatorship caseload, while four institutions were resolved. This brought the number of institutions in the RTC's conservatorship program to 258 at the end of July.

The 258 conservatorship institutions held \$124 billion in gross assets on July 31. The composition of these holdings was as follows: 27% was in cash and securities, 29% in performing 1-4 family mortgage loans, 20% in other performing loans, 8% in delinquent loans, and 9% in real estate.

In addition, there were 211 receiverships, with \$40 billion in assets, under RTC management at the end of July. These receiverships held the assets retained by the RTC as a result of resolutions of insolvent thrifts from the RTC's inception in August 1989 through July 1990. As might be expected, the composition of receivership assets was more heavily weighted by less marketable and lower quality

assets as compared with assets of conservatorship institutions. Thus, delinquent loans and real estate owned represented 17% and 16%, respectively, of total receivership assets.

The RTC's total inventory of assets, including both conservatorships and receiverships, amounted to \$164 billion on July 31. This included \$40 billion in securities, \$43 billion in performing 1-4 family mortgage loans, \$32 billion in other performing loans, \$17 billion in delinquent loans, and \$18 billion in real estate.

RTC July Caseload (\$ in billions)

	Number	Assets	Liabilities	Deposits
End of June	247	\$128.3	\$ 143.0	\$ 101.2
New Conservatorships	14	2.6	3.0	2.4
Resolved Cases*	4	0.4	0.5	0.4
End of July	258	\$ 124.0	\$145.5	\$ 103.2

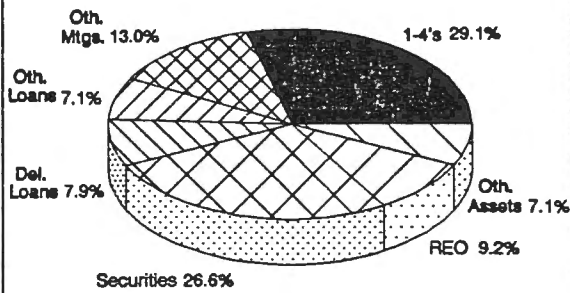
Assets based on preliminary 6/30/90 and 7/31/90 financial reports.

Liabilities and Deposits based on 5/31/90 financial reports.

* One resolved institution was not in conservatorship.

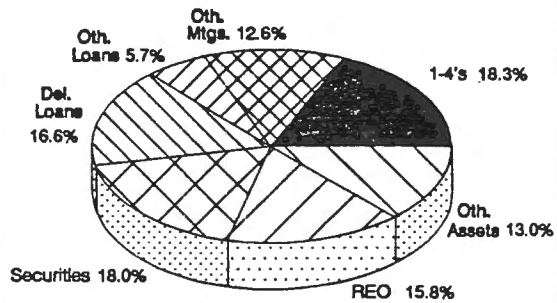
**CONSERVATORSHIP, RECEIVERSHIP ASSETS
UNDER RTC MANAGEMENT
As of July 31, 1990**

**CONSERVATORSHIPS
As of July 31, 1990**



(Percentage Of Gross Assets)

**RECEIVERSHIPS
As of July 31, 1990**



(Percentage Of Gross Assets)

**CONSERVATORSHIP INSTITUTIONS
(dollars in billions)**

	Amount	Percent Gross Assets
Cash & Invst. Sec.	\$ 17.9	14.45%
Mtg. Backed Sec.	15.0	12.11
Perf. Lns. - Total	61.0	49.16
1-4 Family Mtgs.	36.0	29.06
Cstrn. & Land	3.1	2.52
Other Mtgs.	13.0	10.46
Oth. Loans.	8.8	7.13
Del. Lns. - Total	9.9	7.94
1-4 Family Mtgs.	1.1	0.90
Cstrn. & Land	4.1	3.32
Oth Mtgs.	3.1	2.51
Oth. Loans.	1.5	1.21
Real Estate Owned	11.4	9.20
Other Assets	8.8	7.13
Gross Assets	\$ 124.0	100.00%

Data based on preliminary 7/31/90 information
Number of Institutions: 258

**RECEIVERSHIP INSTITUTIONS
(dollars in billions)**

	Amount	Percent Gross Assets
Cash & Invst. Sec.	\$ 3.5	8.70%
Other Sec.	3.7	9.31
Perf. Lns. - Total	14.7	36.58
1-4 Family Mtgs.	7.4	18.32
Cstrn. & Land	1.1	2.68
Other Mtgs.	4.0	9.89
Oth. Loans.	2.3	5.69
Del. Lns. - Total	6.7	16.64
1-4 Family Mtgs.	0.8	1.91
Cstrn. & Land	2.0	5.03
Oth Mtgs.	2.3	5.81
Oth. Loans.	1.6	3.89
Real Estate Owned	6.3	15.76
Other Assets	5.2	13.02
Gross Assets	\$ 40.2	100.00%

Data based on preliminary 7/31/90 information
Number of institutions: 211

REO INVENTORY

As of June 30, the RTC's inventory of real estate included 40,416 assets available for sale. (This excludes properties subject to litigation, in bankruptcy, or properties in which the RTC has a junior position.) In terms of the number of properties, single-family residences predominated, representing 65% of the total number available for sale. In dollar terms, however, commercial properties and land were dominant, together representing 81% of the total book value of the REO inventory.

Similar patterns were apparent in the composition of the inventory according to the book value size of individual properties. Of the total 40,416 properties available for sale, 76% had book values of less than \$100,000. On the other hand, of the inventory's total book value of \$16.1 billion, 80% was in properties with book values of \$1 million or more.

In terms of location, 54% of the number, and 66% of the book value, of RTC real estate properties available for sale were in Texas.

RESOLUTIONS

The four resolutions in July followed a period of intense activity during the second quarter and raised to 211 the total number of resolutions from inception through the end of July.

The 211 resolved thrifts held \$63 billion in assets. Of this amount, \$25 billion (39%) was passed to acquirers of the institutions. It should be noted, however, that a portion of these assets may be returned to the RTC under put back provisions of resolution transactions. At the end of July, the amount of outstanding assets, which had previously been passed to acquirers and were subject to put, totalled an estimated \$10.5 billion.

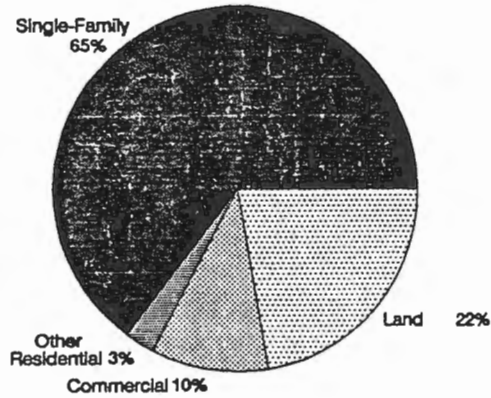
Estimated resolution costs for the 211 cases amounted to \$25 billion, \$985 million less than the estimated cost that would have been incurred if insured deposits of all of these institutions had been paid out. Aggregate savings over estimated deposit payout costs represented 2.55% of core deposits (represented by deposits with balances below \$80,000). Estimated resolution costs were 33% of total liabilities of all 211 resolved institutions.

Resolution activity picked up again in August as 30 institutions were sold or liquidated, bringing the total since inception to 241. Of these, 120 were purchase and assumption transactions, in which all deposits, certain other liabilities, and a portion of the assets were sold to acquirers. Another 94 were insured deposit transfers, in which the acquiring institutions served as the paying agent for the RTC, established accounts on its books for the insured deposits of the failed institution, and frequently acquired some of its assets. The remaining 27 were insured deposit payouts.

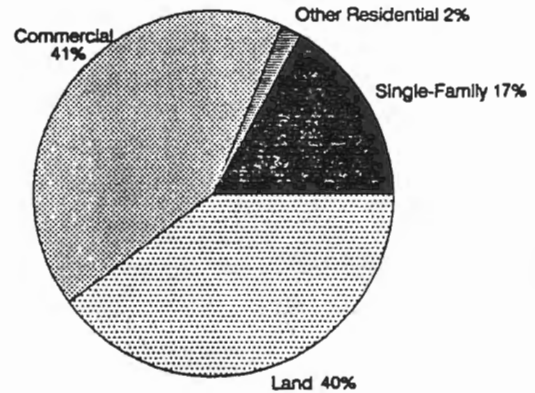
ASSET REDUCTIONS

From the establishment of the RTC in August 1989 through the end of July 1990, 469 savings associations were placed in its conservatorship program. The 469 institutions held \$245 billion in total assets in the reporting periods prior to the time they entered the program. During the August-July period, these assets were reduced by \$84 billion as a result of sales and other principal payments while the institutions were in conservatorship, assets passed to acquirers at resolution, and collections in receiverships. Net of other adjustments, these asset reductions represented 34% of the \$245 billion in beginning assets and left \$161 billion in the RTC's noncash asset inventory as of July 31. As noted before, a portion of the assets sold to acquirers may be put back to the RTC.

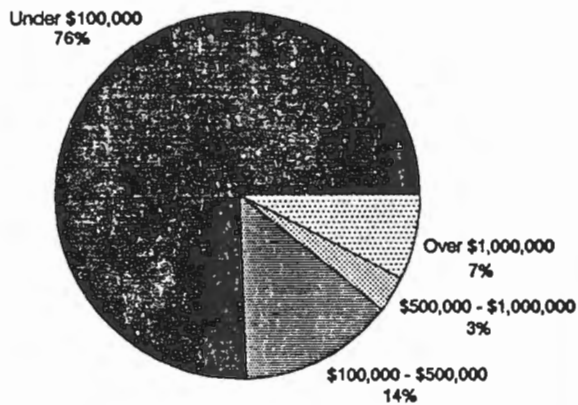
Real Estate Inventory June 30, 1990



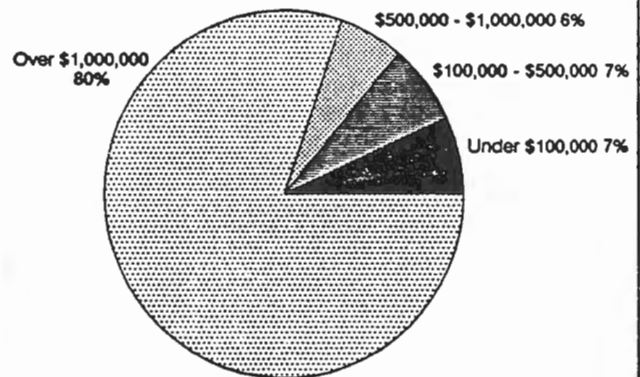
**Type of Property
Number of Assets**



**Type of Property
Book Value**



**Size (Book Value)
Number of Assets**



**Size (Book Value)
Book Value**

**Real Estate Inventory
By Type & Book Value
Of Property
June 30, 1990**

Number of Properties

	Number of Properties	Book Value			
		Under \$100,000	\$100,000 – \$500,000	\$500,000 – \$1,000,000	Over \$1,000,000
Single-Family	26,119	22,383	3,172	216	348
Other Residential	1,079	887	122	28	42
Commercial	4,167	1,226	1,071	496	1,374
Land	9,051	6,069	1,163	552	1,267
Total	40,416	30,565	5,528	1,292	3,031

**Book Value of Properties
(Millions of Dollars)**

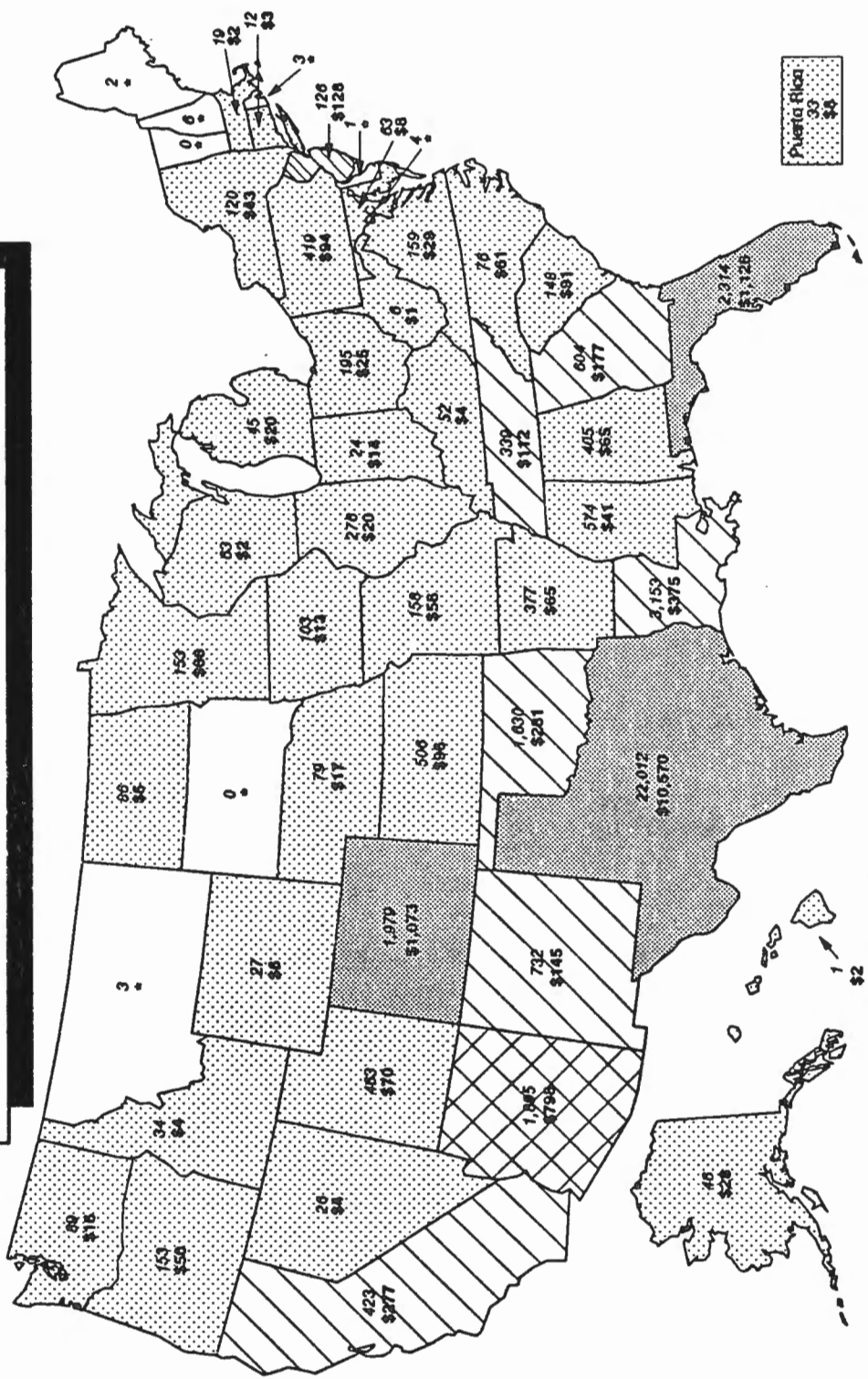
	Book Value of Properties	Book Value			
		Under \$100,000	\$100,000 – \$500,000	\$500,000 – \$1,000,000	Over \$1,000,000
Single-Family	\$2,708	\$929	\$547	\$153	\$1,079
Other Residential	292	19	26	21	226
Commercial	6,678	42	267	362	6,006
Land	6,432	121	296	400	5,615
Total	\$16,109	\$1,111	\$1,135	\$937	\$12,926

Notes:

Includes real estate assets in conservatorship
and receivership institutions.

Excludes assets in bankruptcy, subject to litigation,
and assets in which the RTC is in a junior position.

REO Inventory Number of Properties & Book Value June 30, 1990



Notes:
 * Number of properties in *italics*.
 * Book value of property in **bold**.
 * Indicates less than \$1 million in book value.

Legend - Book Value of Properties
 [Solid White] Less than \$1 million
 [Diagonal Lines] \$1 million - \$100 million
 [Cross-hatch] \$100 million - \$500 million
 [Stippled] More than \$1 billion

U.S. Totals
 Number of properties: 40,416
 Book Value: \$16 Billion

RTC sales goals for the second half of 1990 call for a reduction of 130 institutions in the mid-year conservatorship caseload, and a reduction of \$50 billion in the asset inventory. Achievement of these goals would mean that, by the end of 1990, the RTC will have disposed of more than one-half of the assets that came under its control from its inception in August 1989 through mid-1990.

In the month of July, sales and other principal collections totalled \$5 billion. This was substantially less than in previous months because of the temporarily small number of resolutions and consequently low volume of assets passed to acquirers.

The July asset reductions included \$2.2 billion in sales from conservatorship institutions, \$2.4 billion in other conservatorship collections, \$0.2 billion in sales to acquirers of resolved thrifts, and \$0.7 billion in receivership collections. Since inception, the RTC disposed of \$31 billion through sales from conservatorships, \$26 billion in other conservatorship collections, \$25 billion in assets passed to acquirers, and \$2 billion in receivership collections.

In terms of asset categories, July asset reductions included \$2.7 billion of mortgage-backed and other securities, \$1.6 billion of mortgages, and \$0.7 billion of nonmortgage loans. Since inception, the RTC disposed of \$36 billion in securities, \$32 billion in mortgages, and \$9 billion in other loans.

MAJOR RTC SALES

Asset sales in July included loan and real estate transactions in both conservatorship and receivership institutions. Among the loan sales were the following:

- * A portfolio of fixed-rate, fully amortizing, simple-interest second mortgage loans was sold for \$225 million. The RTC recovered a premium of \$664,000 from the sale. The portfolio was an asset of Atlantic Financial Savings, F.A., Bala Cynwyd, Pennsylvania, which has been operating in the RTC's conservatorship program since January 11, 1990.
- * A pool of performing 15-year mortgage loans was sold for \$15.6 million. A total of 38 investors bid on the loan pool. The pool was an asset of Horizon Savings Bank, F.S.A., Wilmette, Illinois, which has been operating in RTC conservatorship since January 11, 1990.
- * A package of 18 participation 1-4 family mortgage loans was sold for \$574,690. The loans were assets retained by the RTC following the resolution of First Federal Savings and Loan Association of Coffeyville, Coffeyville, Kansas, on August 18, 1989.

Sales of real estate included the following transactions:

- * Park Place Apartments, a 136-unit apartment complex located in San Antonio, Texas, was sold for \$4.4 million to the San Antonio Housing Facility Corporation. The complex was owned by Alamo Federal Savings Association, which has been operating under federal supervision since March 2, 1989.
- * A single-family home located in University Park, Texas, was sold for \$1.6 million. The home was an asset retained by the RTC following the resolution of Metropolitan Financial Federal Savings and Loan Association on June 22, 1990.

In addition to loan and real estate sales, the RTC consummated the sale of the Southern Title Holding Company (Southern Title) to Fidelity National Financial, Inc. Southern Title was a wholly owned subsidiary of Capitol City Federal Savings Association, which has been operating under federal supervision since July 27, 1989. Fidelity National Financial, which is headquartered in Irvine, California, purchased 100% of the issued and outstanding stock of Southern Title for \$3.5 million.

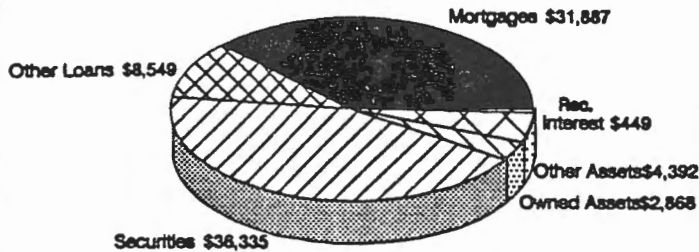
ASSET COLLECTIONS

CONSERVATORSHIPS, RESOLUTIONS AND RECEIVERSHIPS

SALES AND COLLECTIONS

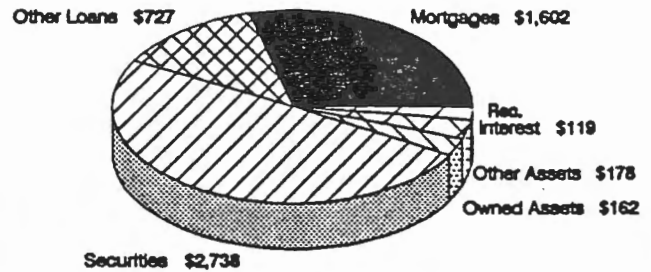
INCEPTION 1989 THROUGH JULY 1990

(\$ In millions)



JULY 1990

(\$ In millions)



CONSERVATORSHIPS SALES PROCEEDS (\$ In millions) Inception through July 1990

	Total	E	C	SW	W
Mortgages	\$3,950	\$1,164	\$816	\$729	\$1,241
Other Loans	730	415	65	117	134
Securities	23,294	8,069	4,498	3,338	9,389
Owned Assets	2,393	369	358	875	791
Other Assets	771	169	178	222	202
TOTALS	\$31,138	\$8,186	\$5,915	\$5,280	\$11,757

CONSERVATORSHIPS SALES PROCEEDS (\$ In millions) July 1990

	Total	E	C	SW	W
Mortgages	\$254	\$81	\$80	\$13	\$79
Other Loans	248	239	5	2	1
Securities	1,568	429	368	79	691
Owned Assets	88	17	9	32	27
Other Assets	68	5	34	28	1
TOTALS	\$2,224	\$772	\$498	\$155	\$800

CONSERVATORSHIPS: OTHER COLLECTIONS (\$ In millions) Inception through July 1990

	Total	E	C	SW	W
Mortgages	\$10,919	\$3,278	\$1,209	\$1,816	\$4,616
Other Loans	3,817	1,691	453	665	1,008
Securities	10,437	2,373	2,372	1,818	3,874
Owned Assets	162	75	21	45	11
Other Assets	428	64	174	114	75
TOTALS	\$25,753	\$7,482	\$4,228	\$4,457	\$9,585

CONSERVATORSHIPS: OTHER COLLECTIONS (\$ In millions) July 1990

	Total	E	C	SW	W
Mortgages	\$942	\$314	\$65	\$278	\$285
Other Loans	317	154	28	34	101
Securities	1,080	420	252	77	331
Owned Assets	1	1	0	0	0
Other Assets	24	3	0	2	18
TOTALS	\$2,364	\$893	\$346	\$391	\$734

RESOLUTIONS AND RECEIVERSHIPS SALES AND COLLECTIONS (\$ In millions) Inception through July 1990

	Total	E	C	SW	W
Mortgages	\$17,018	\$4,409	\$2,871	\$3,509	\$6,228
Other Loans	4,002	1,388	230	917	1,470
Securities	2,604	666	598	784	557
Owned Assets	323	62	15	184	61
Other Assets	3,193	1,371	328	726	769
Interest	449	147	58	204	41
TOTALS	\$27,589	\$8,040	\$4,100	\$6,323	\$9,126

RESOLUTIONS AND RECEIVERSHIPS SALES AND COLLECTIONS (\$ In millions) July 1990

	Total	E	C	SW	W
Mortgages	\$406	\$155	\$59	\$143	\$49
Other Loans	162	124	5	29	4
Securities	90	48	6	24	12
Owned Assets	75	5	5	63	1
Other Assets	86	45	22	(11)	30
Interest	119	24	10	74	10
TOTALS	\$937	\$401	\$108	\$322	\$105

SOURCES AND USES OF FUNDS

From its inception through July 31, the RTC obtained funds from four sources: \$18.8 billion in Treasury appropriations, \$1.2 billion in Federal Home Loan Bank contributions, \$18.0 billion in Resolution Funding Corporation borrowings, and \$31.0 in Federal Financing Bank borrowings.

Funds received from REFCORP, combined with the initial Treasury and FHLB contributions, will provide \$50 billion to cover losses at insolvent thrifts resolved by the RTC. Working capital, obtained from the FFB, is used for the temporary funding of assets retained by the RTC at resolution pending their sale, and to replace high-cost liabilities or meet liquidity needs at conservatorship institutions. Pursuant to a limitation prescribed by FIRREA, the RTC's outstanding borrowings and other liabilities may not exceed the sum of its cash, unused REFCORP borrowing authority, and 85% of the market value of its other assets.

The 211 resolutions accomplished through July required \$52 billion in outlays from the RTC. Advances to conservatorship institutions existing on July 31 totalled \$11 billion and were used for replacement of high-cost liabilities and emergency liquidity needs. This left \$5.5 billion in cash on hand on July 31.

NEWS NOTES

ACCELERATED RESOLUTION PROGRAM

In July the RTC unveiled a pilot of its Accelerated Resolution Program (ARP). This new program is designed to accelerate the marketing and sale of troubled savings associations before they are declared insolvent and put into conservatorship. Under the ARP, institutions will be marketed by their management, the RTC, and the Office of Thrift Supervision. When a buyer is iden-

SOURCES AND USES OF FUNDS (\$ in billions) Inception through July 31, 1990

SOURCES:	
Treasury Appropriations	\$ 18.8
FHLB Contribution	1.2
REFCORP Borrowings	18.0
FFB Borrowings	31.0
TOTAL SOURCES	\$ 69.0
USES:	
Resolutions	\$ 52.2
Advances	11.1
FFB Interest	0.2
TOTAL USES	63.5
NET FUNDS AVAILABLE*	\$ 5.5

* Includes funds for administrative expenses.

tified, the thrift will be closed by the OTS, placed with the RTC, and immediately reopened in the hands of the waiting acquirer.

Institutions that will be offered under the ARP are those that the OTS has determined are in danger of failing and whose financial condition would cause them to be put under RTC conservatorship within one year.

The RTC expects that by keeping the troubled institutions operating independently it will preserve the franchise value of the thrifts. This will make the thrifts more attractive to potential buyers, thereby lowering the ultimate cost of their resolution.

RTC PUBLISHES \$3.7 BILLION "JUNK BOND" INVENTORY

In July the RTC issued its initial inventory of high-yield securities held in the RTC's asset portfolio or held by savings and loans under RTC conservatorship. The "junk bond" inventory includes approximately 483 issues from 330 issuers and has a face value of approximately \$3.7 billion.

Copies of the high-yield securities list are available through FaxMedia service at (301)670-0088. In order to receive the inventory through a facsimile machine, interested parties should dial that number from their fax machines, follow the voice prompts, and enter "7737990#."

RTC TO OFFER BULK SALES OF COMMERCIAL ASSETS

The RTC has announced that it will offer hard-to-sell commercial assets in large packages of up to \$500 million under a new bulk sale pilot program. The RTC Oversight Board has authorized the RTC to offer up to \$2 billion of assets in bulk sale transactions. The pilot program is expected to begin late this year and is designed to help the RTC move large volumes of assets into the private sector quickly.

Under the program the RTC will finance up to 85% of the purchase price of the asset pool being sold. The buyer then will repay the RTC through funds recovered through the sale of the pooled assets. The term of the financing will be sufficient for the buyer to either sell most of the underlying assets or obtain refinancing, and the interest rate will be tied to the RTC's cost of funds.

Assets included in the pilot program will primarily include packages of hard-to-sell performing and nonperforming commercial mortgages and commercial real estate from RTC receiverships. The commercial real estate properties are expected to be grouped together according to their type and geographic location to facilitate the purchasers' task of managing the nonperforming loans and real estate until they are sold.

The RTC plans to retain an independent contractor whose work is generally acceptable to major institutional investors to perform a due diligence review of the assets and estimate their value. The assets will be offered through a competitive bidding process.

RTC NATIONAL SALES CENTER OPENS

In August, the RTC announced the opening of its national sales center in Washington, D.C. The center will be directed by Thomas P. Horton, Deputy Director of the RTC's Asset and Real Estate Management Division.

The national sales center staff will coordinate the RTC's nationwide asset sales effort. The center will assemble large packages of assets for bulk sales transactions, coordinate the sales of individual RTC properties that have national market appeal, and coordinate the activities of the RTC's local sales centers at each of the Corporation's 14 consolidated field sites.

The national sales center is located at 1133 21st Street, N.W., Washington, D.C. 20036. Its telephone number is (202)416-4200. A list of the RTC sales centers is available through the RTC Reading Room.

RTC BOARD ACTIONS

In July and August, the RTC Board of Directors approved the following:

- * Final Rule on Uniform Appraisal Standards for Real Estate Properties;
- * Customary Representations and Warranties for the Life of Loan for RTC Single-family Mortgages;
- * Final Rule on Affordable Housing Disposition; and
- * Guidelines for Disposition of Properties Lacking Reasonable Recovery Value.

All RTC public documents, including RTC press releases and policy statements, are available from the RTC Reading Room at (202)416-6940. Written requests should be mailed to the RTC Reading Room, 801 17th Street, N.W., Washington, D.C. 20434-0001.

All news releases issued by the RTC are also available immediately through FaxMedia, a facsimile dial-up service. To access FaxMedia, interested individuals can dial (301)670-0088 from their fax machine's telephone handset. Following the voice

prompts, individuals should enter "77" to select the RTC News Release Library index, which will be printed from their fax machine. To retrieve the desired news releases, individuals should redial the FaxMedia number listed above and enter the numbers of the news releases they want to receive. Users have 24-hour access to RTC news releases through FaxMedia and are responsible for all phone charges.

Beginning Assets and Asset Reductions Inception through July 1990 *

(\$ in billions)

Asset Type	Assets at Beginning Conservatorship	Reductions during Conservatorship			Resolution & Receivership Reductions			Conservatorship & Receivership Assets, July 31, 1990
		Sales Proceeds	Payments & Maturities	Other Changes (Net)**	Passed to Acquirer	Principal Collections	Other Changes (Net)***	
Mortgages	\$115.1	(\$3.9)	(\$10.9)	(\$5.4)	(\$15.8)	(\$1.2)	\$0.3	\$78.0
Other Loans	19.5	(0.7)	(3.8)	3.0	(3.7)	(0.3)	0.4	14.4
Cash & Secur.	70.3	(23.3)	(10.4)	2.8	(2.2)	(0.4)	3.4	40.2
Owned Assets	19.5	(2.4)	(0.2)	2.1	(0.1)	(0.3)	0.2	19.0
Other Assets	20.5	(0.8)	(0.4)	(3.5)	(3.0)	(0.2)	0.1	12.7
Total	\$245.0	(\$31.1)	(\$25.8)	(\$1.1)	(\$24.7)	(\$2.4)	\$4.4	\$164.3

* Refers to 258 conservatorships and 211 receiverships as of July 31, 1990.

** Changes in Other Assets include net losses on sales, and charge-offs of goodwill and certain equity investments.

*** Includes accumulation of approximately \$3.5 billion in receivership cash (incl. investments and accounts receivable) available for the payment of expenses and dividends.

RTC Resolutions Inception to July 31, 1990

Deal Type *	Number of Cases	Total Assets (\$000)	Estimated Savings Over Payout Cost (\$000)	Estimated Savings/ Core Deposits ** (%)	Percentage of Assets Passed (%)
IDT	91	\$10,281,994	\$50,181	0.71 %	18.71 %
PA	97	50,918,141	935,293	3.07	44.79
PO	23	1,792,504	0	0	0
Total	211	\$62,992,639	\$985,474	2.55 %	39.26 %

* Deal Type:

IDT = Insured Deposit Transfer

PA = Purchase of Assets and Assumption of Liabilities

PO = Insured Deposit Payout

** Core deposits are estimated as deposits with balances below \$80,000.

Note: Asset and estimated cost data reflect post-closing revisions and may differ from data previously released.

RTC Resolutions
July 1990
(Dollars in Thousands)

Institution Name / City / State	Deal Type*	Resolution Date	Acquirer Name / City / State	Total Assets	Estimated Resolution Cost	Assets Passed to Acquirers	Percentage of Assets Passed
First Savings Bank & Trust FSB, Independence, MO	IDT	07/06/90	Bank 10, Belton, MO	\$26,590	\$3,313	\$12,742	47.92%
United Savings Bank FSB, Windom, MN	IDT	07/06/90	Branch Sale to various institutions	128,015	31,400	3,738	2.92%
Sun S&LA, Parker, CO	PO	07/20/90	Payout	226,855	156,760	0	0.00%
United FS&LA, Vidalia, LA	PA	07/20/90	Concordia Bank & Trust Co., Vidalia, LA	18,437	0	18,200	98.72%
Total				399,898	191,473	34,681	8.67%
Grand Total-Inception through July 31, 1990				\$62,992,639	\$24,851,336	\$24,728,996	39.20%

* Deal Type:

IDT = Insured Deposit Transfer

PA = Purchase of Assets and Assumption of Liabilities

PO = Insured Deposit Payout

Note: Assets and Estimated cost data reflect post-closing revisions and may differ from preliminary data previously released.