

# RTC REVIEW

RESOLUTION TRUST CORPORATION

VOL. II NO. 3

March 1991

L. William Seidman, Chairman

David C. Cooke, Executive Director

- \* **RTC Closes 8 Thrifts in March, While Taking 22 New Institutions into Conservatorship**
- \* **375 Thrifts Closed by RTC From its Inception in August 1989 Through April 1991**
- \* **Asset Sales and Principal Collections, Net of Assets Put Back to RTC, Total \$5.5 Billion in March, \$148 Billion Since Inception**

## CONSERVATORSHIP CASELOAD AND ASSET INVENTORY

In March, the RTC sold 8 savings associations. The RTC also took 22 additional institutions into its conservatorship program. As a result, the number of conservatorship institutions rose to 204 at the end of March.

The pace of thrift institution closings was relatively slow in early 1991 pending the adoption of legislation to provide additional funding for the RTC. With the passage of the Resolution Trust Corporation Funding Act of 1991 in late March, resolution activity is expected to accelerate once the marketing period for institutions to be closed is completed. Marketing of 90 institutions was commenced following passage of the funding legislation.

The 204 conservatorships held \$93 billion in gross assets on March 31, 1991. Of the total, cash and securities (including a substantial amount pledged as collateral against borrow-

ings) represented 27%, performing 1-4 family mortgages 25%, other performing loans 20%, delinquent loans 10%, real estate 10%, investments in subsidiaries 3%, and other assets 4%.

Also under the RTC's jurisdiction were 374 receiverships, resulting from the resolution of thrifts since the RTC's inception, with \$69 billion in assets on March 31. (This total excludes approximately \$5 billion in cash and

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

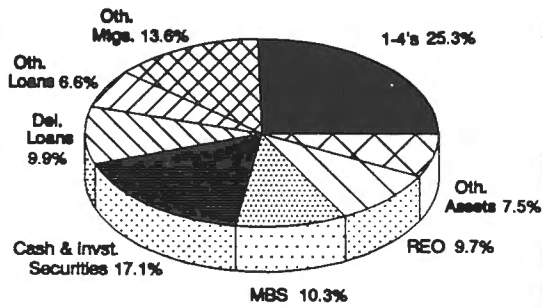
	Number	Assets	Liabilities	Deposits
End of February	190	\$91.0	\$102.3	\$73.2
New Conservatorships	22	12.3	12.3	10.3
Resolved Cases	8	7.4	11.8	7.0
End of March	204	\$92.5	\$102.8	\$76.5

Assets based on preliminary 2/28/91 and 3/31/91 financial reports.

Liabilities and Deposits based on 2/28/91 financial reports.

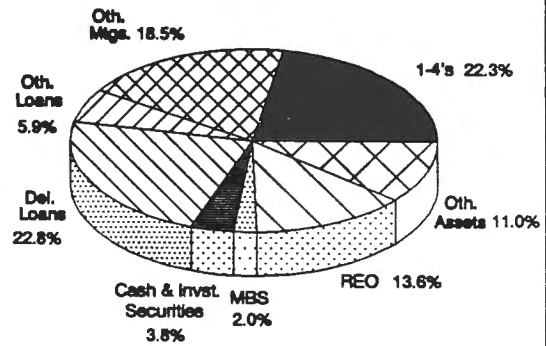
**CONSERVATORSHIP, RECEIVERSHIP ASSETS  
UNDER RTC MANAGEMENT  
As of March 31, 1991**

**CONSERVATORSHIPS  
As of March 31, 1991**



(Percentage Of Gross Assets)

**RECEIVERSHIPS  
As of March 31, 1991**



(Percentage Of Gross Assets)

**CONSERVATORSHIP INSTITUTIONS  
(dollars in billions)**

	Amount	Percent Gross Assets
Cash & Invst. Sec.	\$ 15.8	17.1%
Mtg. Backed Sec.	9.5	10.3
Perf. Lns. - Total	42.2	45.6
1-4 Family Mtgs.	23.4	25.3
Cstrn. & Land	2.4	2.6
Other Mtgs.	10.2	11.1
Other Loans	6.1	6.6
Del. Lns. - Total	9.1	9.9
1-4 Family Mtgs.	1.1	1.2
Cstrn. & Land	3.1	3.4
Other Mtgs.	3.5	3.8
Other Loans	1.4	1.5
Real Estate Owned	8.9	9.7
Subsidiaries	3.0	3.2
Other Assets	4.0	4.3
<b>Gross Assets</b>	<b>\$ 92.5</b>	<b>100.0%</b>

Data based on preliminary 3/31/91 information  
Number of institutions: 204

**RECEIVERSHIP INSTITUTIONS  
(dollars in billions)**

	Amount	Percent Gross Assets
Cash & Invst. Sec. *	\$ 2.6	3.8%
Mtg. Backed Sec.	1.4	2.0
Perf. Lns. - Total	32.4	46.7
1-4 Family Mtgs.	15.5	22.3
Cstrn. & Land	2.6	3.7
Other Mtgs.	10.3	14.8
Other Loans	4.1	5.9
Del. Lns. - Total	15.8	22.8
1-4 Family Mtgs.	1.8	2.6
Cstrn. & Land	6.4	9.2
Other Mtgs.	5.1	7.3
Other Loans	2.6	3.7
Real Estate Owned	9.4	13.6
Subsidiaries	3.9	5.6
Other Assets	3.8	5.4
<b>Gross Assets</b>	<b>\$ 69.3</b>	<b>100.0%</b>

Data based on preliminary 3/31/91 information  
Number of institutions: 374

\* Excludes \$4.7 billion in cash and cash-equivalents accumulated from receivership collections.

cash equivalents accumulated from receivership collections which are available for payment of expenses and dividends to creditors.) Reflecting the sale of relatively marketable assets while the institutions were in conservatorship or at their resolution, a large proportion of the assets retained by the RTC in receivership consisted of lower quality, less marketable assets. Thus, real estate and delinquent loans represented 36% of the \$69 billion in receivership assets. All assets other than cash, securities, and performing 1-4 family mortgages represented 72% of total receivership assets. Moreover, a substantial amount of the securities and performing mortgages in receiverships were junk bonds and substandard loans that cannot easily be marketed.

Including both conservatorships and receiverships, the total \$162 billion of assets under RTC management consisted of: \$29 billion in cash and securities, \$39 billion in performing 1-4 family mortgages, \$36 billion in other performing loans, \$25 billion in delinquent loans, \$18 billion in real estate, \$7 billion in subsidiaries, and \$8 billion in other assets.

### THRIFT CLOSINGS

The 8 institutions closed in March brought the total number of thrift closings to 374 from the establishment of the RTC in August 1989 through March 31, 1991.

The 374 thrifts held \$125 billion in assets at the time of closure. Of the total, \$35 billion of assets, or 28%, were sold to acquirers, after taking into account assets returned thus far to the RTC under put back provisions of resolution transactions. Additional assets may be returned to the RTC in future months. On March 31, 1991, assets subject to put totalled \$12.5 billion, net of puts previously exercised or expired.

Estimated resolution costs for the 374 closed thrifts totalled \$45 billion, 31% of their total liabilities at the time of resolution. The cost that would have been incurred if the insured deposits of all 374 institutions had been paid out to depositors would have been \$46.8 billion. The \$1.8 billion difference represented the estimated savings, or premiums, over insured deposit payout costs. These savings were equal to 2.1% of core deposits, represented by deposits with balances below \$80,000. Estimated resolution costs are currently being reviewed.

Some of the characteristics of the 374 resolutions were as follows:

Transaction Type. Of the total number of cases, 194 were purchase and assumption transactions (P&As), in which all deposits, certain other liabilities, and a portion of the assets were sold to acquirers. Another 128 were insured deposit transfers (IDTs), in which the acquiring institutions served as paying agents for the RTC, established accounts on their books for the depositors of the failed institutions, and acquired some of their assets in many cases. The remaining 52 were insured deposit payouts (POs) in which the RTC directly paid depositors their insured deposits and retained all of the assets.

Generally, the larger and more attractive franchises were resolved through P&As. The average asset size of P&As was \$503 million, compared with \$150 million for other resolutions. Acquirers in P&As paid considerably higher premiums over deposit payout costs -- 2.5% of core deposits, compared with .7% for IDTs. P&As represented 78% of the total assets of all resolved thrifts.

The P&A transactions included 7 Accelerated Resolution Program (ARP) cases, in which the institutions were closed without first being placed in the conservatorship program.

**Resolution Trust Corporation  
Characteristics of 374 Resolutions  
Inception to March 31, 1991  
(Dollars in Billions)**

Type of Acquirer *	Number		Size of Resolved Institution (Assets)	Number	
	of Cases	Total Assets		of Cases	Total Assets
Bank	226	\$76.4	\$1 Billion or more	27	\$74.2
Thrift	96	42.8	\$500 to 999 Million	22	15.6
TOTAL--Acquirers	322	119.2	\$250 to 499 Million	35	12.6
Payouts	52	5.4	Under \$250 Million	290	22.1
TOTAL	374	\$124.6	TOTAL	374	\$124.6

Location of Resolved Institution	Number		Number of Bids Received	Number	
	of Cases	Total Assets		of Cases	Total Assets
Texas	77	\$19.3	5 or more bids	82	\$38.5
California	36	15.1	4 bids	39	22.2
Illinois	33	4.7	3 bids	64	14.3
Louisiana	27	1.7	2 bids	62	20.5
Kansas	18	3.6	1 bid	85	24.8
Florida	18	11.7	No bids	42	4.2
Colorado	13	2.1	TOTAL	374	\$124.6
Other	152	66.4			
TOTAL	374	\$124.6			

Percentage of Assets Passed to Acquirers***	Number		Savings over Deposit Payout Costs as % of Core Deposits **	Number	
	of Cases	Total Assets		of Cases	Total Assets
75% or more	31	\$7.5	5% or more	33	\$13.5
50 to 74.9%	50	18.6	3 to 4.9%	29	31.5
25 to 49.9%	81	35.7	1 to 2.9%	94	30.4
Under 25%	212	62.7	Under 1%	218	49.2
TOTAL	374	\$124.6	TOTAL	374	\$124.6

Estimated Resolution Cost as a % of Liabilities	Number	
	of Cases	Total Assets
60% or more	43	\$9.0
40 to 59.9%	77	12.8
20 to 39.9%	129	62.5
Under 20%	125	40.2
TOTAL	374	\$124.6

\* Branch sales involving multiple acquirers are classified according to the insurance status of the majority of acquirers.

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

\*\*\* Assets passed are net of putbacks.

Note: Assets and liability data reflect post-closing revisions.

**Resolution Trust Corporation  
Characteristics of 22 Resolutions  
First Quarter 1991  
(Dollars in Billions)**

Type of Acquirer *	Number of Cases	Total Assets	Size of Resolved Institution (Assets)	Number of Cases	Total Assets
Bank	13	\$11.8	\$1 Billion or more	5	\$13.4
Thrift	8	7.3	\$500 to 999 Million	6	3.9
TOTAL--Acquirers	21	19.1	\$250 to 499 Million	5	2.0
Payouts	1	0.5	Under \$250 Million	6	0.2
TOTAL	22	\$19.5	TOTAL	22	\$19.5

Location of Resolved Institution	Number of Cases	Total Assets	Number of Bids Received	Number of Cases	Total Assets
Florida	3	\$2.4	5 or more bids	8	\$10.4
New Mexico	3	1.6	4 bids	3	1.5
California	2	2.3	3 bids	3	1.2
Arizona	2	2.1	2 bids	1	0.0
Iowa	2	0.9	1 bid	6	6.5
Texas	2	0.6	No bids	1	0.0
Maryland	2	0.0	TOTAL	22	\$19.5
Other	6	9.7			
TOTAL	22	\$19.5			

Percentage of Assets Passed to Acquirers***	Number of Cases	Total Assets	Savings over Deposit Payout Costs as % of Core Deposits **	Number of Cases	Total Assets
75% or more	5	\$4.9	5% or more	1	\$0.5
50 to 74.9%	1	0.5	3 to 4.9%	2	0.5
25 to 49.9%	3	1.3	1 to 2.9%	4	3.4
Under 25%	13	12.8	Under 1%	15	15.1
TOTAL	22	\$19.5	TOTAL	22	\$19.5

Estimated Resolution Cost as a % of Liabilities	Number of Cases	Total Assets
60% or more	3	\$3.5
40 to 59.9%	3	0.1
20 to 39.9%	8	10.1
Under 20%	8	5.8
TOTAL	22	\$19.5

\* Branch sales involving multiple acquirers are classified according to the insurance status of the majority of acquirers.

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

\*\*\* Assets passed are net of putbacks.

Note: Assets and liability data reflect post-closing revisions.

**Type of Acquirer.** Banks acquired 226 of the resolved institutions, while thrifts acquired 96. The remaining 52 were insured deposit payouts.

**Thrift Size.** The 374 resolved institutions included 27 with \$1 billion or more in assets. Most were relatively small, however, with 78% having less than \$250 million in assets.

**Location.** More than one-half of the resolved thrifts were in six states -- Texas, California, Illinois, Louisiana, Florida, and Kansas.

**Assets Sold to Acquirers.** Less than 25% of the assets of resolved thrifts were transferred to acquirers in 212 cases, 75% or more in 31 cases.

**Number of Bids.** One-half of the resolved thrifts attracted two or fewer bids. In a minority of cases, however, there was a substantially larger number. Thus, 82 cases attracted 5 or more bids.

**Savings Over Insured Deposit Payout Costs.** Estimated savings over insured deposit payout costs were less than 1% of core deposits in more than one-half of the 374 resolution transactions, but more than 5% in 33 cases.

**Estimated Resolution Costs.** Estimated resolution costs were under 20% of liabilities in 125 cases, 60% or more in 43 cases. As previously noted, estimated resolution costs are currently being reviewed.

Of the 374 resolutions from inception through March, 22 occurred in the first quarter of 1991. The characteristics of these 22 cases differed in some respects from total resolutions since inception. For example, estimated savings over insured deposit payout costs were lower (1.1% of core deposits vs. 2.1%) for the first quarter closings. Furthermore, the average asset size of thrifts closed in the first quarter was greater than that of all

374 closed thrifts (\$886 million vs. \$333 million).

One additional thrift closing in April raised to 375 the total number of resolutions from the RTC's inception through the end of April 1991.

## **ASSET REDUCTIONS**

In March, the proceeds of asset sales and other principal collections were \$5.5 billion, net of assets put back to the RTC. This included sales and principal collections in conservatorship institutions, assets passed to acquirers of resolved thrifts, and sales and principal collections in receivership.

March activity brought total sales and principal collections since inception to \$148 billion, net of putbacks to date. As noted earlier, additional assets may be returned to the RTC under unexpired putback provisions of resolution transactions.

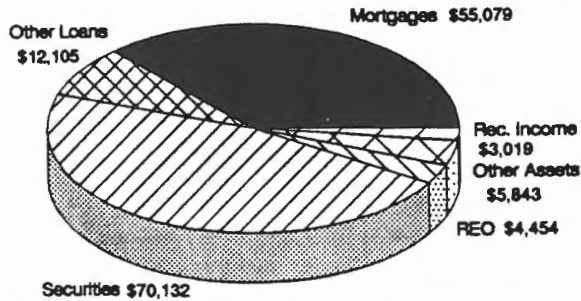
The \$148 billion represented 48% of the total assets of all 578 institutions taken over by the RTC at the time they came under its control. The comparable figure for the 374 resolved institutions was considerably higher -- 60% -- reflecting the volume of assets passed at resolution. For the 204 conservatorships existing on March 31, sales and principal collections from inception through March represented 30% of beginning assets.

March sales and collections of \$5.5 billion included \$1.9 billion in sales proceeds from conservatorships, \$2.0 billion in other conservatorship asset collections, \$1.1 billion in resolution sales, and \$3.2 billion in receivership sales and principal collections. Assets put back to the RTC in March, primarily from assets passed to acquirers in earlier months, totalled \$2.6 billion.

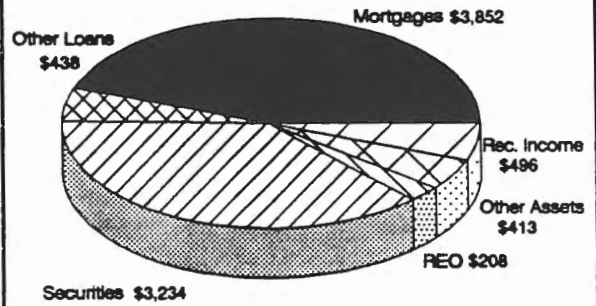
Since its inception, the RTC disposed of \$53 billion through conservatorship sales, \$42 bil-

**ASSET COLLECTIONS**  
**CONSERVATORSHIPS, RESOLUTIONS AND RECEIVERSHIPS**  
**SALES AND COLLECTIONS**  
(DOLLARS IN MILLIONS)

**INCEPTION 1989 THROUGH MARCH 1991**  
(\$ In millions)



**MARCH 1991**  
(\$ In millions)



Inception Through March 1991

	Conservatorships		Resolution	Receivership	Total
	Sales	Collections	Sales (Net) *	Sales & Collections	
Securities	\$35,834	\$19,276	\$10,268	\$4,754	\$70,132
Mortgages	9,597	16,122	20,633	8,726	55,079
Other Loans	2,461	5,683	2,295	1,666	12,105
REO	3,602	0	42	810	4,454
Other Assets	1,181	1,067	1,362	2,233	5,843
Receivership Income	NA	NA	NA	3,019	3,019
<b>TOTALS</b>	<b>\$52,676</b>	<b>\$42,148</b>	<b>\$34,601</b>	<b>\$21,207</b>	<b>\$150,631</b>

March 1991

	Conservatorships		Resolution	Receivership	Total
	Sales	Collections	Sales	Sales & Collections	
Securities	\$1,036	\$1,229	\$265	\$704	\$3,234
Mortgages	656	523	668	1,975	3,852
Other Loans	72	139	84	143	438
REO	93	0	0	125	218
Other Assets	13	72	42	286	413
Receivership Income	NA	NA	NA	496	496
<b>TOTALS</b>	<b>\$1,871</b>	<b>\$1,963</b>	<b>\$1,088</b>	<b>\$3,729</b>	<b>\$8,651</b>

1991 Year to Date

	Conservatorships (r)		Resolution	Receivership	Total
	Sales	Collections	Sales	Sales & Collections	
Securities	\$4,277	\$3,481	\$1,863	\$1,544	\$11,168
Mortgages	1,889	1,344	3,447	3,274	9,955
Other Loans	286	496	318	325	1,424
REO	320	0	0	232	551
Other Assets	111	413	216	548	1,288
Receivership Income	NA	NA	NA	1,076	1,076
<b>TOTALS</b>	<b>\$6,882</b>	<b>\$5,734</b>	<b>\$5,845</b>	<b>\$7,000</b>	<b>\$25,460</b>

NA = Not Applicable

\* Net Resolution Sales are net of all putbacks recorded to date.

(r) Revised Data

**RESOLUTION SALES  
&  
ASSET PUTBACKS  
(DOLLARS IN MILLIONS)**

<u>Inception Through March 1991</u>				<u>1991 Year to Date</u>			
	Gross Resolution Sales	Asset Putbacks	Net		Gross Resolution Sales	Asset Putbacks *	Net
Securities	\$10,570	\$302	\$10,268	Securities	\$1,863	\$189	\$1,674
Mortgages	32,398	11,765	20,633	Mortgages	3,447	3,054	394
Other Loans	5,216	2,920	2,295	Other Loans	318	856	(538)
REO	67	25	42	REO	0	0	0
Other Assets	1,486	125	1,362	Other Assets	216	2	214
<b>TOTALS</b>	<b>\$49,738</b>	<b>\$15,137</b>	<b>\$34,601</b>	<b>TOTALS</b>	<b>\$5,845</b>	<b>\$4,101</b>	<b>\$1,744</b>

\* Asset putbacks during 1991 year to date include assets put back from resolutions prior to 1991 as well as 1991 resolutions.

Note: Data on asset putbacks and sales exclude some assets returned to the RTC by acquirers during the month of resolution which are not recorded as sales.

lion in other conservatorship collections, \$35 billion in resolution sales net of putbacks, and \$18 billion in receivership sales and principal collections.

In terms of broad asset categories from inception through March, the RTC disposed of \$70.1 billion in securities, \$55.1 billion in mortgages, \$12.1 billion in nonmortgage loans, \$4.4 billion in real estate, and \$5.8 billion in other assets.

**SELECTED REAL ESTATE SALES**

The following are some examples of recent large real estate sales:

- \* Summerplace Apartments, Phase II, a 118-unit apartment complex located in Tomball, Texas, was sold for \$1.4 million. The property, purchased by Bridgewater Partners, Ltd., a Texas limited partnership in Houston, was owned by TexasBanc, FSB, Conroe, Texas, which has been

operating under the RTC's supervision since February 23, 1990.

- \* Radler Enterprises Texas, Inc., an investment company in Houston, Texas, purchased the following properties, which were retained by the RTC following the August 31, 1990, resolution of Spring Branch Savings and Loan Association, Houston, Texas:
  - (1) One Park Center, a three-story office building containing 44,717 square feet of net rentable area on approximately two acres in Houston, Texas, for \$942,500;
  - (2) Decker Pines Shopping Center, a one-story retail center containing 26,852 square feet of net rentable area located in Decker Prairie, Texas, for \$320,000; and
  - (3) Cedarstone Office and Industrial Center, consisting of a two-story office building and four one-story industrial warehouse buildings located on approximately four acres in The Woodlands, Texas, for \$887,500.



- \* In Chandler, Arizona, the RTC sold the Paseo De Oro, a 97,385-square foot two-story retail center, for approximately \$1.8 million. Paseo De Oro was sold to Nicoli International, an investor group in Phoenix, Arizona. The property was owned by Southwest Savings and Loan Association, F.A., Phoenix, Arizona, which has been under federal supervision since February 17, 1989.
- \* In Phoenix, Arizona, the RTC sold the 100,000-square foot Lake Biltmore Office Building for \$3.4 million to Interalpha Properties, Inc., an investor group in Greenwich, Connecticut. The property was also owned by Southwest Savings and Loan Association, F.A.
- \* In Glendale, Arizona, the RTC sold the Winds at Arrowhead, consisting of 98 single-family lots located in the Arrowhead Ranch area, for approximately \$1.1 million. Winds at Arrowhead was sold to Del Webb's Coventry Homes Construction Company in Phoenix, Arizona. The property was retained by the RTC following the October 1, 1990, resolution of MeraBank, FSB, Phoenix, Arizona.
- \* In Coral Springs, Florida, the RTC sold a 824-unit self-storage facility for approximately \$2.4 million to Comac-Mock Roos Partnership, Ltd., a Florida-limited partnership. The property was owned by San Jacinto Savings Association, F.A., Bellaire, Texas, which has been operating under RTC supervision since November 30, 1990.
- \* The RTC sold approximately 60,137 acres of land, part of a group of properties commonly known as the "Worldwide Land," located in various counties in Tennessee, for approximately \$6 million. The land was sold to Williamette Industries, Inc., Portland, Oregon. The property was also owned by San Jacinto Savings Association, F.A.

## **SOURCES AND USES OF FUNDS**

From its inception through March 31, 1991, the RTC obtained \$107 billion in funds from the following external sources: \$20 billion in Treasury appropriations and Federal Home Loan Bank contributions, \$30 billion in Resolution Funding Corporation (REFCORP) borrowings, and \$57 billion in Federal Financing Bank (FFB) borrowings. The RTC also obtained \$15 billion in recoveries from receiverships.

<b>SOURCES AND USES OF FUNDS</b>	
(\$ in billions)	
Inception through March 31, 1991	
<b>SOURCES:</b>	
Treasury Appropriations	\$ 18.8
FHLB Contribution	1.2
REFCORP Borrowings	30.1
FFB Borrowings	57.0
Total External Sources	107.1
Recoveries from Receiverships	14.7
Other Sources *	0.4
<b>TOTAL SOURCES</b>	<b>\$ 122.3</b>
<b>USES:</b>	
Resolutions and Receivership Funding	\$ 108.8
Conservatorship Advances Outstanding *	6.3
FFB Interest	1.8
Other Disbursements	0.1
<b>TOTAL USES</b>	<b>117.0</b>
<b>NET CASH AVAILABLE</b>	<b>\$ 5.3</b>
* Includes interest payment and expense reimbursements from conservatorships	
** Conservatorship balances are net of any principal balances outstanding.	

Funds received from REFCORP, combined with the initial Treasury and FHLB contributions, provided \$50 billion to cover losses at thrifts resolved by the RTC. The Resolution Trust Corporation Funding Act of 1991 provided for an additional \$30 billion in loss funds.

Working capital, obtained from the FFB, is used for the temporary funding of assets retained by the RTC when institutions are resolved. Working capital has also been used to replace high-cost liabilities and meet liquidity needs of conservatorship institutions. The RTC's outstanding borrowings and other liabilities are subject to a limitation prescribed by FIRREA.

The 374 resolutions through March 31 required outlays of \$109 billion from the RTC. Outstanding advances to conservatorships existing at the end of March totalled \$6 billion. Interest on FFB borrowings amounted to \$2 billion. This left \$5 billion in cash on hand on March 31.

## **NEWS NOTES**

### **RTC PREAPPROVES CONTRACTORS TO PREQUALIFY PURCHASERS OF AFFORDABLE HOUSING PROPERTIES**

Fifteen firms have been preapproved by the RTC to prescreen potential purchasers of single-family affordable housing property for income eligibility, and to prequalify buyers for financing. Preapproval of these firms means that the companies have been determined to be technically acceptable and are now eligible to bid on contracts to perform prequalification services. These firms will be available on an 'as-needed basis' to help the RTC sell eligible single-family affordable housing properties. They will also provide support for each of the series of sealed bid and auction marketing events scheduled over the next several months to sell assets valued at less than \$100,000.

The RTC has approximately 15,000 eligible single-family properties throughout the country that will be marketed over the next several months. The involvement of these firms will help ensure that low- and moderate-income families will benefit from the sale of affordable houses that will be marketed during special events organized by the RTC's Affordable Housing Disposition Program and the RTC's sales centers.

A list of the fifteen preapproved firms is available through the RTC Reading Room or Fax-Media.

### **RTC ENDS "BEST AND FINAL" NEGOTIATIONS WITH BIDDERS ON CENTRUST TOWER**

The RTC has terminated negotiations with parties involved in the January 22 sealed bid sale of the CenTrust Tower, Miami, Florida. William Dudley, Director of the RTC's Eastern Region, said, "Despite expressions of significant interest in the CenTrust Tower from

four different parties, we were unable to attain a cash sale or a sale with acceptable terms. Therefore, we are now accepting offers on the property."

CenTrust Tower will be placed on the market through an RTC registered commercial real estate broker. Until a broker is selected, the RTC will continue to accept offers on the property.

The cash or equivalent list price for CenTrust Tower will be \$50 million. While the RTC prefers cash offers, seller financing is available to qualified purchasers. The RTC will offer financing up to 85 percent of purchase price, with a 15 percent down payment. Interest rates are to be negotiated at or about market rates. The RTC will also consider a stepped-up interest rate mortgage to compensate for negative cash flow and tenant improvement expenditures necessary during the early phase of leasing activity.

For further information, interested buyers should call Ed Nutting at the RTC at 404-225-5089.

### **RTC RELEASES QUARTERLY EDITION OF ITS JUNK BOND INVENTORY**

The RTC has released its junk bond inventory, containing securities with a face value of \$5.4 billion from 30 institutions, a decrease from \$6.6 billion on February 12. RTC junk bond sales since inception total \$4.3 billion.

"We're pleased that we've been able to capitalize on the junk bond rally to dispose of our less liquid securities, in particular," said Elisabeth N. Spector, Director, Capital Markets Division. "Since the beginning of the year, we've achieved \$2 billion in junk bond sales. We've been using the rally to sell issues primarily out of Columbia Savings and Loan Association in Beverly Hills, CA."

For investors interested in purchasing any of the RTC's high-yield securities, copies of the high-yield portfolio may be obtained through FaxMedia.

### **RTC SELECTS MGIC INVESTOR SERVICES CORPORATION FOR CLAIMS ADMINISTRATION CONTRACT**

The RTC has selected MGIC Investor Services Corporation (MISC) of Milwaukee, Wisconsin, to administer the claims arising out of the representations and warranties (R&W) provided by the RTC in its sales of loans and mortgage servicing rights. MISC, a wholly-owned subsidiary of MGIC Investment Corporation, is a nationwide provider of mortgage asset contract services. The awarding of this contract underscores the RTC's commitment to ensuring that legitimate claims from purchasers of RTC assets are handled in a consistent and timely fashion.

It is estimated that MISC will eventually manage the R&W claims administration for more than \$275 billion in loan and loan servicing rights sales. Fees will be paid monthly, and will be based on both the volume of assets administered and actual claims handled. MISC's caseload will be phased in gradually over the next few months. Asset purchasers will be notified when MISC is providing claims administration services for their contract, and will receive claims processing information.

### **RTC BOARD APPROVES POLICY ON COLLATERALIZED PUT OBLIGATIONS**

The RTC Board of Directors adopted a policy on collateralized "put" obligations issued by savings institutions for which the RTC is appointed conservator or receiver. This move will clarify recent uncertainties about the treatment of these obligations, and extend existing RTC policy on direct collateralized obligations and collateralized letters of credit to collateralized put obligations.

A number of savings associations have sold assets to mutual funds subject to a "put" obligation, an obligation to repurchase the assets under certain conditions. These associations have collateralized their repurchase, or put, obligations with mortgages, mortgage-backed securities and other collateral.

Under this policy, the RTC, as conservator or receiver, may accelerate payment under the put option up to an amount equal to the outstanding principal amount or accreted value of the obligation, together with interest at the contract rate up to the payment date, to the extent of available collateral. Liquidation expenses also may be included if provided for in the contract.

The RTC must determine within 180 days of its appointment as conservator or receiver whether or not to accelerate a collateralized put obligation. The policy states that this period is needed to allow the RTC to properly evaluate these highly complex transactions. For thrifts already under government control, the 180-day time limit begins on April 30, 1991, with the adoption of this policy. If the RTC does not accelerate the option, the contract terms will be enforceable while the savings institution is in conservatorship or receivership.

This policy applies to collateralized put options originally issued by savings associations in connection with capital market financing prior to passage of FIRREA.

### **RTC TO AUCTION \$100 MILLION IN NONPERFORMING LOANS FROM RESOLVED THRIFTS IN SIX STATES**

The RTC will auction more than \$100 million in nonperforming loans on June 19 in Denver, Colorado. The loan portfolios will be auctioned in 50 packages. They include real estate, consumer, commercial, and student loans from resolved savings and loan institu-

tions in California, Colorado, New Mexico, Oregon, Utah, and Wyoming.

The auction location and time will be announced at a later date. For more information, interested investors should contact the auctioneer, Ross Dove Company, Inc., at 415-571-7400.

### **RTC FILES COMPLAINT AGAINST MERABANK OFFICIALS**

The RTC asked the federal district court in Arizona to order 20 former directors and officers of MeraBank Federal Savings Bank of Phoenix to repay damages in excess of \$270 million suffered as a result of their management of the institution. Merabank, once the largest thrift institution in Arizona, was placed in conservatorship on January 31, 1990, and was sold by the RTC on October 1, 1990. The ultimate cost to the RTC for this transaction is estimated at \$1 billion.

The complaint, filed in the U.S. District Court of the District of Arizona, charges the defendants with gross negligence, breach of fiduciary duties and breach of their employment agreements. The RTC asserts that the directors and officers were negligent and breached their fiduciary duties by making highly speculative and risky commercial and development loans as part of a rapid expansion program during the 1980s.

### **RTC SCHEDULES CONTRACTING SEMINARS FOR MINORITIES AND WOMEN**

The RTC has scheduled a series of one-day seminars on "How To Work With The RTC" to be held this summer for minorities, women, and minority- and women-owned businesses interested in RTC contracting opportunities. Key RTC staff from Washington and the regions will conduct the seminars, presenting an overview of the RTC followed by in-depth sessions covering all aspects of the RTC's contracting process. Information will be

provided on the RTC's contractor registration process, bid solicitation, contractor selection and engagement, joint ventures, and a number of other important procedures.

The seminar schedule is as follows: June 18, 1991 -- Denver, Colorado; July 2, 1991 -- San Antonio, Texas; July 25, 1991 -- Atlanta, Georgia; August 8, 1991 -- Chicago, Illinois; and September 4, 1991 -- Los Angeles, California.

The fee for each one-day seminar is \$65. Individuals who want more information about the seminars may call toll-free for a seminar brochure at 1-800-662-4008.

### **DENNIS F. GEER NAMED RTC ASSISTANT EXECUTIVE DIRECTOR TO OVERSEE CONTRACTS AND ADMINISTRATION**

The RTC has appointed Dennis F. Geer as Assistant Executive Director to oversee the RTC's Office of Contracts, which formulates policies and procedures for RTC's contracting and procurement functions, and manages a wide range of functions associated with contract administration. Mr. Geer also will oversee the contractor ethics and conflicts functions. In addition, the RTC's Office of Administration will report to Mr. Geer. This office is responsible for long-range planning, implementation and coordination of the RTC's corporate administrative policies, procedures and programs, including personnel planning and facilities management.

"We are pleased to have a person with Mr. Geer's experience," RTC Executive Director David C. Cooke said. "He has a strong management background and his knowledge of contract operations as well as corporate administration will prove invaluable to the RTC."

Prior to joining the RTC, Mr. Geer was the Director of the Office of Administration with

the Department of Commerce - National Oceanic and Atmospheric Administration, where he managed the administration and contracting operations.

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, NW, Washington, DC 20434-0001.

All RTC news releases are also available through FaxMedia, a facsimile dial-up ser-

vice. 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.

**RTC Resolutions  
Inception to March 31, 1991  
(dollars in millions)**

Deal Type *	Number of Cases	Total Assets	Estimated Savings Over Payout Cost	Estimated Savings/ Core Deposits **	Percentage of Assets Passed***
IDT	128	\$22.1	\$0.1	0.69 %	11.36 %
PA	194	97.6	1.7	2.49	32.89
PO	52	4.9	0	0	0
<b>Total</b>	<b>374</b>	<b>\$124.6</b>	<b>\$1.8</b>	<b>2.07 %</b>	<b>27.77 %</b>

**RTC Resolutions  
First Quarter 1991  
(dollars in millions)**

Deal Type *	Number of Cases	Total Assets	Estimated Savings Over Payout Cost	Estimated Savings/ Core Deposits **	Percentage of Assets Passed***
IDT	6	\$6.5	\$0.0	0.79 %	12.83 %
PA	15	13.0	0.1	1.19	38.55
PO	1	0.0	0	0	0
<b>Total</b>	<b>22</b>	<b>\$19.5</b>	<b>\$0.2</b>	<b>1.05 %</b>	<b>29.89 %</b>

\* 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.

\*\*\* Assets passed are net of putbacks.

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

**RTC Resolutions**  
**March 1991**  
(Dollars in Millions)

Institution Name / City / State	Deal Type*	Resolution Date	Acquirer Name / City / State	Total Assets	Estimated Resolution Cost **	Assets Passed to Acquirers Net of Putbacks	Percentage of Assets Passed
Lincoln Savings, Irvine, CA	PA	03/01/91	Great Western FSB, Beverly Hills, CA	2,226.4	2,596.1	7.5	0.33%
Sandia FSA, Albuquerque, NM	PA	03/01/91	Branch Sale to various institutions	743.6	869.4	150.5	20.24%
Pioneer FSB, Clearwater, FL	PA	03/01/91	Great Western Bank, Beverly Hills, CA	1,321.8	311.8	71.1	5.38%
Stateman FSB, Des Moines, IA	PA	03/01/91	Branch Sale to various institutions	410.4	30.1	21.2	5.17%
ABQ FSB, Albuquerque, NM	PA	03/01/91	Bank of America NM, NA, Albuquerque, NM	846.3	450.6	321.6	38.00%
Horizon SB, FSB, Wilmette, IL	PA	03/08/91	Branch Sale to various institutions	527.2	168.5	350.2	66.42%
Commonwealth FS&LA, Fort Lauderdale, FL	PA	03/08/91	Branch Sale to various institutions	735.0	305.5	118.9	16.18%
Security S&LA, Scottsdale, AZ	IDT	03/15/91	Branch Sale to various institutions	553.7	799.6	47.5	8.58%
<b>Total</b>				<b>7,364.4</b>	<b>6,631.7</b>	<b>1,088.4</b>	<b>14.78%</b>
<b>Grand Total—Inception through March 31, 1991</b>				<b>\$124,680.7</b>	<b>\$44,956.9</b>	<b>\$34,600.7</b>	<b>27.77%</b>

NA = Not Applicable

\* Deal Type:

IDT = Insured Deposit Transfer

PA = Purchase of Assets and Assumption of Liabilities

PO = Insured Deposit Payout

\*\* Estimated resolution costs are currently under review.

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

*Cash add*  
*if we can pay*  
*it net of cost*  
*stagnant puts*  
*of RTC Adv.*  
*gross*  
*add*  
*# deposits*  
*\$ deposits*

**Beginning Assets and Asset Reductions  
Inception Through March 1991  
(\$ in billions)**

**374 Closed Institutions**

	Cash & Securities /3	Mortgages	Other Loans	Real Estate	Subsid- iaries	Other Assets	Total
<b>Assets at Beginning of Conservatorship.....</b>	<b>\$47.8</b>	<b>\$91.9</b>	<b>\$14.4</b>	<b>\$14.4</b>	<b>\$4.9</b>	<b>\$11.2</b>	<b>\$184.5</b>
<b><u>Reductions During Conservatorship</u></b>							
Sales Proceeds.....	22.9	6.3	1.6	2.3	0.2	0.7	34.0
Payment & Maturities.....	8.1	11.3	3.6	0.0	0.3	0.1	23.4
Other Changes (Net) /1.....	(2.8)	2.7	(2.4)	1.6	0.3	3.2	2.5
<b>Assets at Resolution.....</b>	<b>19.6</b>	<b>71.6</b>	<b>11.5</b>	<b>10.5</b>	<b>4.1</b>	<b>7.2</b>	<b>124.6</b>
<b><u>Resolution &amp; Receivership Reductions</u></b>							
Assets Passed (Net of Putbacks).....	10.3	20.6	2.3	0.0	0.0	1.3	34.6
Assets Retained (After Putbacks).....	9.4	51.0	9.2	10.4	4.1	5.8	90.0
Principal Collections.....	4.8	8.7	1.7	0.8	0.3	1.9	18.2
Other Changes (Net) /2.....	0.6	0.7	0.9	0.2	(0.1)	0.2	2.5
<b>Receivership Assets as of March 31, 1991.....</b>	<b>\$4.0</b>	<b>\$41.6</b>	<b>\$6.7</b>	<b>\$9.4</b>	<b>\$3.9</b>	<b>\$3.8</b>	<b>\$69.3</b>

**204 Conservatorship Institutions**

	Cash & Securities /3	Mortgages	Other Loans	Real Estate	Subsid- iaries	Other Assets	Total
<b>Assets at Beginning of Conservatorship.....</b>	<b>\$40.4</b>	<b>\$54.5</b>	<b>\$10.2</b>	<b>\$8.5</b>	<b>\$4.0</b>	<b>\$5.7</b>	<b>\$123.3</b>
<b><u>Reductions During Conservatorship</u></b>							
Sales Proceeds.....	12.9	3.3	0.8	1.3	0.0	0.3	18.6
Payment & Maturities.....	11.2	4.8	2.1	0.0	0.5	0.1	18.8
Other Changes (Net) /1.....	(9.0)	2.6	(0.3)	(1.7)	0.5	1.3	(6.7)
<b>Conservatorship Assets as of March 31, 1991.....</b>	<b>\$25.3</b>	<b>\$43.8</b>	<b>\$7.5</b>	<b>\$8.9</b>	<b>\$3.0</b>	<b>\$4.0</b>	<b>\$92.5</b>



**Beginning Assets and Asset Reductions  
Inception Through March 1991  
(\$ in billions)**

All 578 Institutions

	Cash & Securities /3	Mortgages	Other Loans	Real Estate	Subsid- iaries	Other Assets	Total
Assets at Beginning of Conservatorship.....	\$88.2	\$146.4	\$24.5	\$22.9	\$8.9	\$16.8	\$307.8
<u>Reductions During Conservatorship</u>							
Sales Proceeds.....	35.8	9.6	2.5	3.6	0.2	0.9	52.6
Payment & Maturities.....	19.3	16.1	5.7	0.0	0.8	0.3	42.1
Other Changes (Net) /1.....	(11.9)	5.3	(2.7)	(0.1)	0.8	4.5	(4.1)
Assets at Resolution.....	19.6	71.6	11.5	10.5	4.1	7.2	124.6
<u>Resolution &amp; Receivership Reductions</u>							
Assets Passed (Net of Putbacks).....	10.3	20.6	2.3	0.0	0.0	1.3	34.6
Assets Retained (After Putbacks).....	9.4	51.0	9.2	10.4	4.1	5.8	90.0
Principal Collections.....	4.8	8.7	1.7	0.8	0.3	1.9	18.2
Other Changes (Net) /2.....	0.6	0.7	0.9	0.2	(0.1)	0.2	2.5
Conservatorship and Receivership Assets as of March 31, 1991.....	\$29.3	\$85.4	\$14.2	\$18.4	\$6.9	\$7.8	\$161.9

/1 Includes net losses on sales, charge-offs of goodwill and certain equity investments and other assets, accumulation and investment of cash, and new loans and asset purchases.

/2 Includes asset balance adjustments and principal losses.

/3 Excludes accumulation of approximately \$4.7 billion of receivership cash and investments available for the payment of expenses and dividends.

Note: Data incorporate revisions of figures for period prior to September 1990.