RTC REVIEW

RESOLUTION TRUST CORPORATION

VOL. III NO. 8 August 1992

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- **No RTC Thrift Closings in June. One Institution Closed in July.**
- **652 Thrifts Closed by RTC from its Inception in August 1989 Through July 1992. 21.8 Million Deposit Accounts have been Protected.**
- **Recoveries from Asset Sales and Principal Collections Total $4.8 Billion in June, $267 Billion, Net of Assets Putback to RTC, Since Inception.**

RTC CASELOAD

In June, the RTC did not close any savings associations because no action was taken on legislation to provide additional funding. The RTC did resolve one institution (Investors FSB, Richmond, VA) in July using funds remaining from FIRREA and the March 1991 funding act. These funds were retained for emergency liquidity purposes, for unexpected losses on assets under RTC management, and for the resolution of this institution under the RTC's pilot Cooperative Institution Marketing Program in which virtually all assets are sold at the time of resolution.

Through July 31, 1992, the RTC has resolved 652 institutions. The RTC took 12 institutions into its conservatorship progam in June and seven institutions in July. As a result, the number of conservatorship institutions increased to 60 at the end of June and 66 at the end of July. In the absence of additional funding, the number of conservatorships continues to grow as potential Accelerated Resolution Program (ARP) cases are placed into conservatorship.

ASSET INVENTORY

In June, the amount of assets under RTC management, including both conservatorships and receiverships, dropped from $112

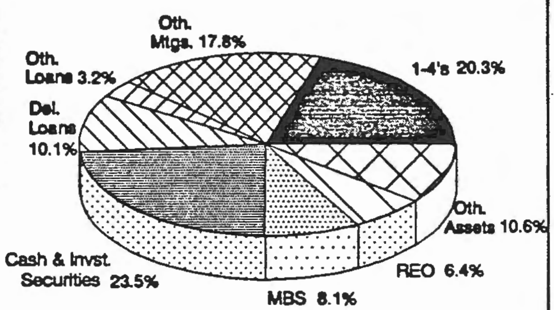
RTC June Caseload
($ in billions)

	Number	Assets	Liabilities	Deposits
End of May	48	$20.2	$20.8	$15.4
New Conservatorships	12	4.2	4.2	3.6
Resolved Cases	0	0.0	0.0	0.0
End of June	60	$23.2	$25.0	$19.0

Assets based on preliminary 6/30/92 and 5/31/92 financial reports.
Liabilities and Deposits based on 5/31/92 financial reports.

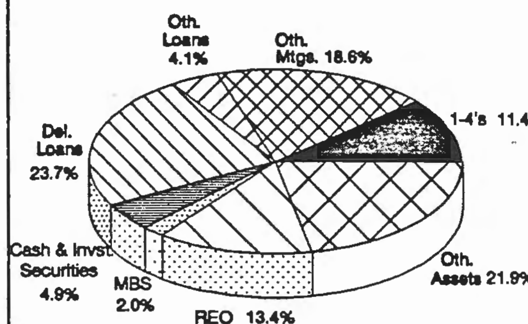
CONSERVATORSHIP, RECEIVERSHIP ASSETS
UNDER RTC MANAGEMENT
As of June 30, 1992

CONSERVATORSHIPS
As of June 30, 1992



(Percentage Of Gross Assets)

RECEIVERSHIPS
As of June 30, 1992



(Percentage Of Gross Assets)

CONSERVATORSHIP INSTITUTIONS
(dollars in billions)

	Amount	Percent Gross Assets
Cash & Invst. Sec.	$ 5.5	23.5 %
Mtg. Backed Sec.	1.9	8.1
Perf. Lns. - Total	9.6	41.2
1-4 Family Mtgs.	4.7	20.3
Cstrn. & Land	1.2	5.2
Other Mtgs.	2.9	12.6
Other Loans	0.7	3.2
Del. Lns. - Total	2.4	10.1
1-4 Family Mtgs.	0.3	1.4
Cstrn. & Land	0.8	3.6
Other Mtgs.	1.0	4.2
Other Loans	0.2	0.9
Real Estate Owned	1.5	6.4
Subsidiaries	0.9	4.0
Other Assets	1.5	6.6
Gross Assets	$ 23.2	100.0 %

Data based on preliminary 6/30/92 information
Number of institutions: 60

RECEIVERSHIP INSTITUTIONS
(dollars in billions)

	Amount	Percent Gross Assets
Cash & Invst. Sec.	*$ 4.3	4.9%
Mtg. Backed Sec.	1.8	2.0
Perf. Lns. - Total	29.9	34.1
1-4 Family Mtgs.	10.0	11.4
Cstrn. & Land	2.7	3.0
Other Mtgs.	13.6	15.5
Other Loans	3.6	4.1
Del. Lns. - Total	20.7	23.7
1-4 Family Mtgs.	2.2	2.5
Cstrn. & Land	6.5	7.4
Other Mtgs.	9.7	11.1
Other Loans	2.4	2.7
Real Estate Owned	11.8	13.4
Subsidiaries	7.1	8.1
Other Assets	12.1	13.9
Gross Assets	$ 87.6	100.0 %

Data based on preliminary 6/30/92 information
Number of institutions: 651
* Excludes $14.6 billion in cash, investments (including restricted investments), and accounts receivable accumulated by Receiverships.

billion to $111 billion. The reduction in assets represented the ongoing sales effort by the RTC from its conservatorship and receivership holdings. Over the past 13 months, assets under RTC management have dropped $57 billion.

The $111 billion of assets under RTC management on June 30 consisted of: $13 billion in cash and securities, $15 billion in performing 1-4 family mortgages, $25 billion in other performing loans, $23 billion in delinquent loans, $13 billion in real estate, $8 billion in investments in subsidiaries, and $14 billion in other assets.

The 60 conservatorships held $23 billion in gross assets on June 30, 1992. Of the total, cash and securities (including a substantial amount pledged as collateral against borrowings) represented 32%; performing 1-4 family mortgages, 20%; other performing loans, 21%; delinquent loans, 10%; real estate, 6%; investments in subsidiaries, 4%; and other assets, 7%.

The 651 receiverships held $88 billion in assets on June 30. Because many of the relatively marketable assets have been sold before an institution enters a receivership, most of the assets retained by the RTC in receivership consisted of lower quality, less marketable assets. Thus, real estate and delinquent loans represented 37% of receivership assets. Cash, securities, and performing 1-4 family mortgages represented only 18% of receivership assets. Moreover, a substantial amount of the securities and performing mortgages in receivership were junk bonds or pledged for secured borrowings or substandard loans. The $88 billion excludes approximately $15 billion in cash, liquid investments, and accounts receivable accumulated from receivership collections.

THRIFT CLOSINGS

The RTC did not close any institutions in June and closed one institution in July.

As of the end of June, RTC resolutions had protected 21.7 million deposit accounts from financial loss. These accounts had an average account balance of $9,000. An additional 131,000 accounts were protected in July.

The total number of thrift closings remained at 651 from the establishment of the RTC in August 1989 through June 30, 1992. These thrifts held $215 billion in assets at the time of closure. Of the total, $46 billion of assets, or 21%, were sold to acquirers (after taking into account assets returned thus far to the RTC under putback provisions of resolution transactions). Additional assets may be returned to the RTC in future months.

Estimated resolution costs for the 651 closed thrifts totalled $83.9 billion, 36% of their total liabilities at the time of resolution. If the insured deposits of all 651 institutions had been paid out to depositors, the estimated resolution cost would have been $87.0 billion. The $3.1 billion difference represented the estimated savings, or premiums, over insured deposit payout costs. These savings were equal to 2% of core deposits, represented by deposits with balances below $80,000.

Some of the characteristics of the 651 resolutions were as follows:

Transaction Type Of the 651 cases, 405 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 158 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 88 were insured deposit

Resolution Trust Corporation
Characteristics of 651 Resolutions
Inception to June 30, 1992
(Dollars in Billions)

Type of Acquirer *	Number of Cases	Total Assets
Bank	383	$126.5
Thrift	180	80.8
TOTAL--Acquirers	563	207.3
Payouts	88	7.6
TOTAL	651	$214.9

Size of Resolved Institution (Assets)	Number of Cases	Total Assets
$1 Billion or more	47	$124.3
$500 to 999 Million	44	31.0
$250 to 499 Million	62	21.7
Under $250 Million	498	37.8
TOTAL	651	$214.9

Location of Resolved Institution	Number of Cases	Total Assets
Texas	137	$43.5
California	55	33.7
Louisana	48	4.7
Illinois	46	7.1
Florida	38	22.0
New Jersey	26	9.6
Kansas	20	3.8
Other	281	90.6
TOTAL	651	$214.9

Number of Bids Received	Number of Cases	Total Assets
5 or more bids	201	$96.0
4 bids	57	25.1
3 bids	90	22.7
2 bids	102	36.5
1 bid	136	28.5
No bids	65	6.1
TOTAL	651	$214.9

Percentage of Assets Passed to Acquirers***	Number of Cases	Total Assets
75% or more	52	$4.7
50 to 74.9%	81	16.2
25 to 49.9%	142	56.3
Under 25%	376	137.7
TOTAL	651	$214.9

Savings over Deposit Payout Costs as % of Core Deposits **	Number of Cases	Total Assets
5% or more	65	$18.7
3 to 4.9%	65	50.2
1 to 2.9%	166	53.7
Under 1%	355	92.3
TOTAL	651	$214.9

Estimated Resolution Cost as a % of Liabilities	Number of Cases	Total Assets
60% or more	88	$22.1
40 to 59.9%	129	34.1
20 to 39.9%	243	92.0
Under 20%	191	66.8
TOTAL	651	$214.9

* *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 11 Resolutions
Second Quarter 1992
(Dollars in Billions)

Type of Acquirer *	Number of Cases	Total Assets
Bank	5	$9.4
Thrift	6	3.5
TOTAL--Acquirers	11	13.0
Payouts	0	0.0
TOTAL	11	$13.0

Size of Resolved Institution (Assets)	Number of Cases	Total Assets
$1 Billion or more	2	$10.0
$500 to 999 Million	2	1.7
$250 to 499 Million	2	0.8
Under $250 Million	5	0.5
TOTAL	11	$13.0

Location of Resolved Institution	Number of Cases	Total Assets
Texas	2	$8.7
California	2	2.3
Florida	2	1.1
Other	5	0.9
TOTAL	11	$13.0

Number of Bids Received	Number of Cases	Total Assets
5 or more bids	8	$12.4
4 bids	2	0.4
3 bids	1	0.2
2 bids	0	0.0
1 bid	0	0.0
No bids	0	0.0
TOTAL	11	$13.0

Percentage of Assets Passed to Acquirers***	Number of Cases	Total Assets
75% or more	1	$0.3
50 to 74.9%	1	0.2
25 to 49.9%	5	3.5
Under 25%	4	8.9
TOTAL	11	$13.0

Savings over Deposit Payout Costs as % of Core Deposits **	Number of Cases	Total Assets
5% or more	3	$1.2
3 to 4.9%	2	10.0
1 to 2.9%	3	0.6
Under 1%	3	1.2
TOTAL	11	$13.0

Estimated Resolution Cost as a % of Liabilities	Number of Cases	Total Assets
60% or more	0	$0.0
40 to 59.9%	0	0.0
20 to 39.9%	3	0.6
Under 20%	8	12.4
TOTAL	11	$13.0

* *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.

payouts (POs) in which the RTC directly paid depositors their insured deposits and retained all of the assets.

Most attractive franchises were resolved using P&As, and these acquirers paid considerably higher premiums over deposit payout costs: 2.4% of core deposits, compared to .7% for IDTs. Although 62% of RTC resolutions were P&As, these transactions accounted for 81% of the deposits that have been made whole by the RTC from its inception through June 1992. The percentage of resolutions using the P&A transaction was higher (91%) during the quarter ending in June.

The P&A transactions included 34 Accelerated Resolution Program (ARP) cases, in which the institutions were closed without first being placed in the conservatorship program. Four of the eleven resolutions in the second quarter of 1992 were ARPs.

Type of Acquirer Banks acquired 383 of the resolved institutions, while thrifts acquired 180.

Number of Bids 47% of the institutions attracted two or fewer bids; 23% attracted three or four bids; and 31% attracted five or more bids.

For the quarter ending in June, 10 of the 11 institutions resolved by the RTC received four or more bids. Overall, the RTC has received 2.8 bids per closing.

Thrift Size Whereas 77% of the resolved institutions had assets of less than $250 million, there have been 47 resolutions of thrifts with more than $1 billion in assets. These 47 thrifts accounted for 58% of the assets held by resolved thrifts.

Location About 21% of the resolutions were Texas institutions. Other states with a large number of resolutions were California, Illinois, Louisiana, and Florida. Resolved institutions from Texas and California held the most assets, followed by Florida.

Assets Sold to Acquirers In 58% of the cases, less than 25% of the assets were sold to acquirers. However, in 52 cases, 75% or more of the assets were passed to acquirers. Most of the assets purchased were securities and 1-4 family mortgages.

Estimated Resolution Costs Estimated resolution costs were under 40% of liabilities in 434 cases, but over 60% for 88 cases.

Savings Over Insured Deposit Payout Costs Estimated savings over insured deposit payout costs averaged 2% for all 651 institutions, but were over 4% for the 11 resolutions in the second quarter of 1992.

ASSET REDUCTIONS

In June, the proceeds of asset sales and other principal collections were $4.8 billion. This included sales and principal collections from conservatorship institutions and receiverships. Due to asset putbacks of $254 million, net asset collections were $4.5 billion in June.

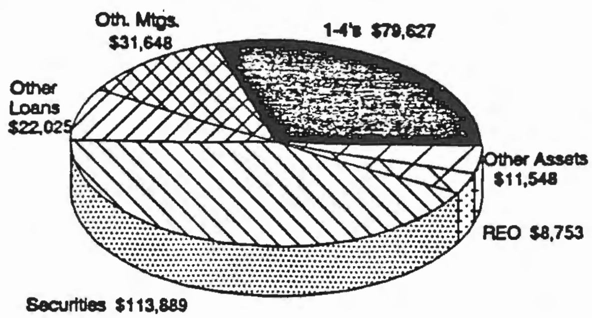
June sales and collections of $4.8 billion included $1.0 billion in sales proceeds from conservatorships, $0.4 billion in other conservatorship asset collections, and $3.3 billion in receivership sales and principal collections.

June activity brought total sales and principal collections since inception to $267 billion, net of putbacks to date. As noted earlier, additional assets may be returned to the RTC under unexpired putback provisions of resolution transactions.

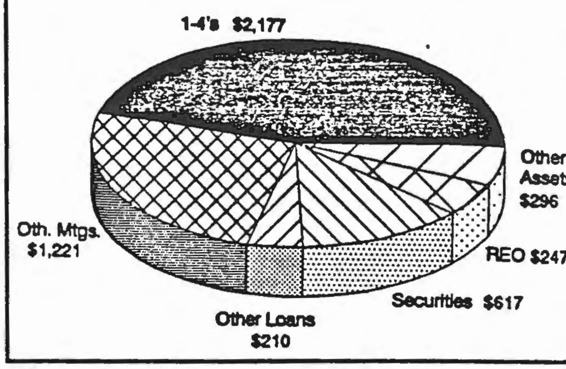
Since its inception, the RTC collected $83 billion through conservatorship sales, $67 billion in other conservatorship collections, $46 billion in resolution sales (net of putbacks), and $71 billion in receivership sales and principal collections. From inception through

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

INCEPTION 1989 THROUGH JUNE 1992
($ in millions)



JUNE 1992
($ in millions)



Inception Through June 1992

	Conservatorships		Resolution	Receivership	
	Sales	Collections	Sales (Net) *	Sales & Collections	Total
Securities	$49,360	$32,616	$20,347	$11,566	$113,889
1–4 Family Mortgages	19,126	14,111	15,758	30,632	79,627
Other Mortgages	3,534	9,885	6,044	12,185	31,648
Other Loans	4,347	7,841	3,365	6,473	22,025
REO	5,262	0	144	3,346	8,753
Other Assets	1,670	2,296	620	6,962	11,548
TOTALS	$83,299	$66,749	$46,278	$71,164	$267,490

June 1992

	Conservatorships		Resolution	Receivership	
	Sales	Collections	Sales	Sales & Collections	Total
Securities	$170	$153	$0	$294	$617
1–4 Family Mortgages	341	124	0	1,711	2,177
Other Mortgages	296	85	0	839	1,221
Other Loans	49	32	0	128	210
REO	69	0	0	178	247
Other Assets	100	14	0	182	296
TOTALS	$1,026	$408	$0	$3,333	$4,767

1992 Year to Date

	Conservatorships		Resolution	Receivership	
	Sales	Collections	Sales	Sales & Collections	Total
Securities	$2,421	$3,786	$3,157	$2,092	$11,456
1–4 Family Mortgages	2,881	1,367	814	8,217	13,279
Other Mortgages	998	778	1,446	4,469	7,692
Other Loans	724	427	438	1,732	3,322
REO	466	0	95	979	1,540
Other Assets	339	595	362	2,024	3,321
TOTALS	$7,830	$6,953	$6,313	$19,514	$40,610

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

RESOLUTION SALES & ASSET PUTBACKS
(DOLLARS IN MILLIONS)

Inception Through June 1992

	Gross Resolution Sales	Asset Putbacks	Net
Securities	20,760	413	$20,347
1-4 Mortgages	28,845	13,087	$15,758
Other Mortgage	11,376	5,332	$6,044
Other Loans	6,428	3,063	$3,365
REO	200	55	$144
Other Assets	1,380	760	$620
TOTALS	$68,988	$22,711	$46,278

YTD June 1992

	Gross Resolution Sales	Asset Putbacks *	Net
Securities	$3,157	$118	$3,039
1-4 Mortgages	$814	$256	$558
Other Mortgage	$1,446	$290	$1,156
Other Loans	$438	$178	$260
REO	$95	$7	$88
Other Assets	$362	$138	$224
TOTALS	$6,313	$986	$5,326

* Asset putbacks during 1992 include assets put back from resolutions prior to 1992 as well as 1992 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. Data also include other principal disbursements on assets, such as disbursements on loans in process or transactions with subsidiaries. However, data exclude transfer of REO from one subsidiary to a receivership totaling $200 million.

June, the RTC collected $114 billion from securities, $80 billion from 1-4 family mortgages, $32 billion from other mortgages, $22 billion from non-mortgage loans, $9 billion from real estate, and $12 billion from other assets.

In terms of book value, June sales and collections were $5.5 billion. The average recovery rate on the collection of these assets was 87%. From the inception of the RTC through June, book value asset reductions were $284 billion, and the RTC recovered 94% on these collections.

The $284 billion in book value sales and principal collections represented 78% of the total book value of assets of all 711 institutions taken over by the RTC at the time they came under its control. The comparable figure for the 651 resolved institutions was slightly higher -- 81% -- reflecting the volume of assets passed at resolution and the amount of time that these institutions have been under RTC control. For the 60 conservatorships existing on June 30, book value sales and principal collections from inception through June were only 57% of the beginning book value of assets.

The RTC also collected $0.5 billion in receivership income in June. From its inception to June 30, 1992, the RTC has collected $12.0 billion in receivership income.

ASSET PUTBACKS

Assets put back to the RTC in June, primarily from assets passed to acquirers in earlier months, totalled $254 million. From the inception of the RTC through June 1992, asset putbacks totalled $22.7 billion, which is about 33% of the assets initially passed to acquirers. On June 30, 1992, outstanding assets subject to put totalled $1.3 billion. This figure represents assets that the RTC might be required to purchase from acquirers of failed thrifts over the next few months.

MAJOR ASSET SALES:

Recent RTC asset sales include:

* Troy & Nichols, Inc., a mortgage banking company in Monroe, LA, was sold to First Gibraltar Bank, FSB, Dallas, TX, for approximately $82 million. First Gibralter Bank, FSB assumed liabilities totaling approximately $186 million. The sale included all of the assets of Troy & Nichols, Inc. and its subsidiaries, including $5.8 billion in mortgage servicing rights. The mortgage company was an asset retained by the RTC following the resolution of Southwest Federal Savings Association, Dallas, TX, on July 26, 1991.

* Twenty-eight commercial properties and development sites in New Mexico were sold for $1.8 million at an auction held July 22, 1992, in Albuquerque, NM. The properties were assets retained by the RTC following the resolution of several New Mexico thrifts.

Six pools of various loans from the failed John Hanson Federal Savings Bank, Beltsville, MD, which has been operating under RTC supervision since April 26, 1991, were sold in all-cash transactions for approximately $54.1 million. The purchasers, loan types, and purchase prices were:

* Germantown Savings Bank, Bala Cynwyd, PA, purchased a pool of 1,264 second mortgages for $37.5 million and a pool of 19 home equity loans for $373,389.

* Trustone Corporation, Columbia, MD, purchased a pool of 130 secured boat loans for $7.6 million and a pool of 24 secured loans for $71,660.

* Sound Mortgage Bankers, Ft. Lauderdale, FL, purchased a pool of 181 second mortgages for $4.3 million.

* Contifinancial Services Corporation, New York, NY, purchased a pool of 356 secured marine loans for $4.3 million.

ASSET MANAGEMENT CONTRACTS

The RTC placed $617 million in assets under SAMDA (Standard Asset Management And Disposition Agreeement) contracts during the second quarter of 1992 and $1.7 billion in the calendar year. From its inception through December 1991, $36.4 billion in assets have been placed under contract.

SAMDA contracts are one tool used by the RTC to move hard to sell assets under private sector management as quickely as possible. Most of the assets under contract are foreclosed or other real estate and delinquent loans.

ASSET MANAGEMENT CONTRACTS (DOLLARS IN MILLIONS)

	Inception Through June 30, 1992	1992 Year to Date	Second Quarter
Number of Contracts	241	71	60
Estimated Book Value of Assets	$36,425	$1,681	$617
Estimated Fees per Annum	215	13	4
Total Estimated Fees	641	38	12

SOURCES AND USES OF FUNDS

From its inception through June 30, 1992, the RTC obtained $141 billion in funds from the following external sources: $50 billion in FIRREA appropriations, $37 billion in loss funds authorized by 1991 Acts of Congress, and $54 billion in Federal Financing Bank (FFB) borrowings. The RTC also obtained $61 billion in recoveries from receiverships.

The FIRREA appropriations include $30.1 billion from REFCORP, $18.8 billion in Treasury funding, and $1.2 billion in FHLB contributions. The Resolution Trust Corporation Funding Act of 1991 and the RTC Refinancing, Restructuring, and Improvement Act of 1991 provided for an additional $30 billion and $25 billion, respectively, in loss funds through Treasury appropriations. The Improvement Act allowed the RTC to obligate funds for new resolutions up to April 1, 1992. On April 30, 1992, the RTC returned $18.3 billion to the Treasury Department that had not been obligated by the April 1, 1992 deadline.

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 651 resolutions through June 30 required outlays of $188.2 billion from the RTC. Outstanding advances to conservatorships existing at the end of June totalled $3.0 billion. Interest on FFB borrowings was $5.8 billion. This left $5.2 billion in cash on hand on June 30.

SOURCES AND USES OF FUNDS
($ in billions)
Inception through June 30, 1992

SOURCES:	
Initial Treasury Appropriations	$ 18.8
FHLB Contribution	1.2
REFCORP Borrowings	30.1
Additional Appropriations	36.7
FFB Borrowings	53.7
Total External Sources	140.5
Recoveries from Receiverships	61.2
TOTAL SOURCES	$201.7
USES:	
Resolutions and Receivership Funding	$ 188.2
Conservatorship Advances Outstanding *	3.0
FFB Interest	5.8
Other Disbursements (Net)**	-0.5
TOTAL USES	196.5
NET CASH AVAILABLE	$ 5.2

* Conservatorship balances are net principal balances outstanding.
** Includes expenses paid on behalf of conservatorships and other corporate disbursements, less interest payments and expense reimbursements received from conservatorships and other sources.

NEWS NOTES:

RTC REVISES CONTRACTING POLICIES RELATING TO DEFAULTS AND LITIGATION

The RTC has revised two contracting policies. One policy concerns defaults on financial obligations to the RTC, the Federal Deposit Insurance Corporation (FDIC), or the former Federal Savings and Loan Insurance Corporation (FSLIC). It expands the previous RTC policy on contractor defaults to cover the affiliated business entities of large business organizations. The second policy relates to firms that are being sued by the RTC, FDIC, or FSLIC.

The RTC's previous default policy permitted it to contract with large business organizations that, as a practical matter, could not certify that all of their related entities were free of defaults on obligations to failed banks or thrifts. This certification is required by RTC regulations. In cases in which an organization did disclose that its related entities had unsatisfied financial obligations, it was the RTC's policy, pursuant to a review by the RTC's Contractors' Conflicts Committee, to allow those organizations to do business with the agency if the related entity in default could be screened off and not allowed to participate in RTC contract work.

The RTC is now further restricting RTC contracting with firms whose entities have unsatisfied obligations. Under the revised policy, large business organizations will have to provide reports and certifications for their affiliated business entities. The RTC may determine that firms whose entities have unsatisfied obligations of more than $50,000 do not meet the regulatory minimum standards of fitness and integrity and should be excluded from the RTC's contractor program whether or not the related entity can be screened off from RTC contract work. If the matter is resolved to the RTC's satisfaction, the agency may continue to do business with the firm.

Under the RTC's revised litigation policy, contractors named as defendants in multiple lawsuits or single lawsuits of major proportion will be evaluated by the RTC to determine whether they can continue doing business with the agency. This determination will be based on certain factors including the number of lawsuits, the total amounts claimed, the number of individuals or offices named, and the type of misconduct alleged.

On March 27, 1990, the former RTC/FDIC Board of Directors adopted a policy that allowed the two agencies to do business with firms despite the presence of litigation, as long as the firms were otherwise in compliance with the RTC's regulations, and persons and offices accused of wrongdoing were screened from participating in RTC work.

The new policy recognizes that, even when screening is possible, the cumulative effect of lawsuits may create a presumption that the firm has engaged in widespread or systemic fraud or negligence or has otherwise substantially contributed to banking and/or thrift problems. In such a case, the RTC would discontinue working with the firm.

These two contractor policies took effect upon publication in the Federal Register on July 23, 1992.

RTC ADOPTS ASSET SALES RULE, STRENGTHENS COLLECTIONS PROCEDURE

The RTC has adopted a final regulation which establishes restrictions on the sale of assets to persons who contributed to the failure of a financial institution assigned to the RTC or the Federal Deposit Insurance Corporation (FDIC). The RTC also announced a new collections procedure intended to encourage prospective purchasers of RTC assets to arrange prompt settlement of outstanding debts owed to savings institutions under the RTC's control.

The regulation, which takes effect 30 days after its publication on July 21, 1992, in the Federal Register, implements provisions of the Comprehensive Thrift and Bank Fraud Prosecution and Taxpayer Act of 1990 applicable to the sale of RTC-held assets to persons or entities that have contributed to the demise of savings institutions. The regulation stipulates that the RTC will not sell any asset of an association to an individual or to an entity if that individual or the entity's key official(s) participated in transactions resulting in a substantial loss to that association, was removed or barred by a federal agency from participating in the association's affairs, or misused the association's funds.

Additionally, the RTC will not sell the assets of a savings institution to any prospective purchaser who, as an officer or director of that savings association, participated in a material way in one or more transactions that resulted in an aggregate loss of more than $50,000 to that association, or has been removed or prohibited from participating in the affairs of the savings association whose assets are being sold, or has demonstrated a pattern or practice of defaulting on obligations to the savings association whose assets are being sold.

The regulation also makes RTC seller financing unavailable to persons or entities that have defaulted on financial obligations to any RTC/FDIC institution and that have engaged in or are subject to pending administrative or judicial action alleging fraudulent activity in connection with any such obligation. If the sale or transfer of an asset resolves or settles, or is part of the resolution or settlement of, obligations owed by the purchaser to the savings association, this restriction does not apply.

The RTC has also strengthened its procedures for collecting on obligations due to institutions under its control, as provided for under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Under the new procedure, which takes effect on January 1, 1993, all prospective purchasers of RTC assets must certify that they have no existing defaults of $500,000 or more on obligations to the RTC or institutions under its control. Prospective purchasers must also certify that they have no reason to believe that they are purchasing assets on behalf of, or for the resale to, any party which would be unable to furnish the certification.

Purchasers are exempted from the certification requirement if the assets to be purchased have an aggregate purchase price of less than $500,000. Additionally, the procedure exempts investors, other than underwriters purchasing an initial offering, who purchase securities backed by pools of RTC assets.

Copies of the regulation and the collections procedure are available from the RTC Reading Room in Washington, D.C., and from the Public Service Centers in the RTC's field offices.

RTC OFFERS ONE NEW ISSUE OF MORTGAGE-BACKED SECURITIES

The RTC offered one mortgage pass-through securities issue in July totaling about $890 million. The securities are designated RTC Commercial Mortgage Pass-Through Certificates, Series 1992-C5.

The Series 1992-C5 securities are backed by approximately $890 million of fixed- and adjustable-rate commercial mortgage loans originated by approximately 175 savings associations prior to their placement in the RTC's conservatorship program. Bear, Stearns & Co. Inc. served as the lead managing underwriter for the offering.

Since February 1992, the RTC has completed four commercial mortgage securities offerings totaling approximately $2.3 billion.

Separately, since April 1991, the RTC has registered with the Securities and Exchange Commission (SEC) a total of $24 billion of residential, multi-family, and manufactured housing mortgage pass-through securities. There have been 38 previous takedowns from the RTC's $24 billion shelf totaling approximately $19.1 billion. In addition, the RTC filed a separate registration with the SEC for one home equity loan securities issue totaling about $300 million.

RTC TO CONDUCT SEALED BID SALE OF TWELVE CHICAGO AREA COMMERCIAL PROPERTIES

In August, the RTC will conduct a sealed bid sale of 12 commercial properties in the Chicago, Illinois, area. The properties, which were assets of the former Olympic Federal

Savings Association Berwyn, Illinois, and the former Great American Savings and Loan Association, Oak Park, Illinois, have an aggregate book value of $5 million.

For more information about the sealed bid sale, and to obtain a brochure about the properties and the sale's terms and conditions, contact Dunning's Auction Service at 1-800-462-2444.

RTC RELEASES QUARTERLY EDITION OF ITS JUNK BOND INVENTORY

On July 27, 1992, the RTC released the quarterly edition of its junk bond inventory, which contains securities with a face value of $1.6 billion (excluding equity securities and limited-partnership interests) from 43 institutions.

"In the first six months of 1992, the RTC has been able to sell over $860 million of high-yield debt," said Michael Jungman, Vice President of the RTC's Capital Markets Department. "This brings the RTC's total high-yield sales since inception in August 1989 to over $7.1 billion."

Some of the high-yield assets in the RTC's portfolio are offered through the RTC's ongoing Securities Sales Program. For information on the RTC's Securities Sales Program, send a request by facsimile to 202-416-2428. For information on sales of securities not included in the Securities Sales Program, contact Genie O'Brien of the RTC on 202-416-2824.

Copies of the RTC's high-yield portfolio may be obtained by dialing 301-670-0088 from your fax machine's handset. Follow the voice prompts and enter 7803492#.

MISSOURI MAN SENTENCED TO 27 MONTHS FOR DEFRAUDING INVESTORS AT SUBSIDIARY OF FORMER ILLINOIS THRIFT

On July 28, 1992, John E. Arnold, St. Louis, Missouri, was sentenced to 27 months in jail for mail fraud in connection with a scheme to defraud investors while he was employed by Olympic Financial Services Corporation (Olympic Financial), Alton, Illinois. Olympic Financial is a wholly owned subsidiary of the former Olympic Federal Savings Association, Berwyn, Illinois, which was resolved by the RTC on March 27, 1992.

Arnold pleaded guilty on April 10, 1992, to a one-count criminal information filed by the U.S. Attorney for the Southern District of Illinois, Fairview Heights. The complaint charged Arnold, who at the time was employed as a personal-finance counselor for Olympic Financial, with defrauding investors by representing that he would invest their money in secure Government National Mortgage Association (Ginnie Mae) mutual funds when, in fact, he deposited their money into his personal bank account. The total loss to Olympic Financial investors, most of whom were elderly, was approximately $200,000.

Additionally, Arnold misdirected investments away from Olympic Financial and brokered them through his own company, E.C.I., Ballwin, Missouri. Neither Arnold nor his company was registered as a broker/dealer. The diversion of investment business totaled approximately $1.4 million. Through the scheme, Arnold misappropriated $29,736 in brokerage commissions from Olympic Financial and $18,144 from Independent Financial Securities, Incorporated (Independent Financial), which had a brokering agreement with Olympic Financial.

In addition to his jail sentence, Arnold was ordered to make full restitution to the investors, including eight percent interest on their misappropriated funds. Arnold also was ordered to make full restitution to Olympic Financial and Independent Financial.

The investigation was conducted by the RTC Office of the Inspector General (OIG) in connection with the Federal Bureau of Investigation.

For more information, contact Clark W. Blight of the RTC OIG on 703-908-7860.

RTC NAMES MARY A. TERRELL SENIOR COUNSEL TO HEAD LEGAL DIVISION'S MINORITY AND WOMEN OUTREACH UNIT

Mary A. Terrell has been named as Senior Counsel to direct the RTC Legal Division's Minority and Women Outreach Unit.

Ms. Terrell will be responsible for coordinating the RTC's ongoing efforts to expand its use of minority- and women-owned law firms and minority and women attorneys in other law firms as outside legal counsel.

Ms. Johnnie Booker, Assistant Vice President of the RTC's Minority and Women's Programs Department, said, "I look forward to working closely with Ms. Terrell to increase the overall participation of minorities and women in the RTC's contracting activities."

Ms. Terrell joined the RTC in 1989 as litigation counsel. Prior to that appointment, she was a trial attorney with the Federal Home Loan Bank Board. Ms. Terrell also served as an Assistant U.S. Attorney with the U.S. Attorney's office in Washington, D.C.

Ms. Terrell received a B.A. from Howard University in 1966, an M.A. from Antioch Graduate School in 1970, and a J.D. from Georgetown University Law School in 1980.

FURTHER INFORMATION

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.

To receive the RTC Review monthly, write to: RTC Office of Corporate Communications, 10th Floor; RTC Review Mailing List; 801 17th Street, NW; Washington, DC 20434-0001.

All RTC news releases are also available 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.

Commonly Called RTC Telephone Numbers

National Sales Center	(202) 416–4200
Real Estate Information Center and Orders for Asset Inventory	(800) 431–0600
Asset Specific Inquiry Service	(800) 782–3006
Bulk Sales Information	(800) 782–8806
Securities Sales (Capital Markets)	(202) 416–7554
Contracting Office	(800) 541–1782
Inquiries Regarding S&Ls for Sale	(800) 782–4033
Office of Corporate Communications – Media Inquiries	(202) 416–7556
Low Income Housing Program	(202) 416–7348

Reading Room – Public Information	(202) 416–6940
Main Operator	(202) 416–6900
RTC Costa Mesa Office	(800) 283–9288
RTC Denver Office	(800) 542–6135
RTC Dallas Office	(800) 782–4674
RTC Kansas City Office	(800) 365–3342
RTC Atlanta Office	(800) 628–4362
RTC Valley Forge Office	(800) 782–6326

Note:

Costa Mesa Office – CA

Denver Office – AZ, CO, HI, NM, NV, UT

Dallas Office – LA, MS, TX

Kansas City Office – AK, AR, IA, ID, IL, IN, KS, KY, MI, MN, MO, MT, ND, NE, OH, OK, OR, SD, WA, WI, WY

Atlanta Office – AL, DC, FL, GA, MD, NC, PR, SC, TN, VA, WV

Valley Forge Office – CT, DE, MA, ME, NH, NJ, NY, PA, RI, VT

RTC Resolutions
Inception to June 30, 1992
(dollars in billions)

Deal Type *	Number of Cases	Total Assets	Estimated Savings Over Payout Cost	Estimated Savings/ Core Deposits **	Percentage of Assets Passed***	Total Deposits	Number of Accounts (000's)
IDT	158	$30.3	$0.1	.67 %	12.56 %	$29.7	2,985
PA	405	177.0	2.9	2.36	23.13	156.7	18,132
PO	88	7.6	0.0	.00	0	8.3	615
Total	651	$214.9	$3.1	2.04 %	20.81 %	$194.7	21,732

RTC Resolutions
Second Quarter 1992
(dollars in millions)

Deal Type *	Number of Cases	Total Assets	Estimated Savings Over Payout Cost	Estimated Savings/ Core Deposits **	Percentage of Assets Passed***	Total Deposits	Number of Accounts (000's)
IDT	1	$101.0	$0.4	0.41 %	2.16 %	$85.7	7
PA	10	12,867.2	239.6	4.18	18.79	7,486.6	723
PO	0	0.0	0.0	0.0	0.0	0.0	0
Total	11	$12,968.2	$239.9	4.12 %	18.66 %	$7,572.3	730

* 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. Number of Accounts are as of the quarter before resolution.

Asset Reductions By Type of Asset

(Dollars in Millions)

	Inception Through 6/30/92	June 1992	1992 To Date
Cash & Securities			
Book Value Reduction	$116,614	$663	$11,723
Discount from Book Value	2,725	45	267
Sales & Principal Collections	113,889	617	11,456
1–4 Family Mortgages			
Book Value Reduction	82,411	2,217	13,689
Discount from Book Value	2,784	41	409
Sales & Principal Collections	79,627	2,177	13,279
Other Mortgages			
Book Value Reduction	35,294	1,432	9,317
Discount from Book Value	3,646	211	1,625
Sales & Principal Collections	31,648	1,221	7,692
Other Loans			
Book Value Reduction	23,467	257	3,636
Discount from Book Value	1,442	47	314
Sales & Principal Collections	22,025	210	3,322
Real Estate			
Book Value Reduction	13,238	ERR	2,901
Discount from Book Value	4,485	247	1,361
Sales & Principal Collections	8,753	247	1,540
Other Assets			
Book Value Reduction	13,589	418	4,380
Discount from Book Value	2,041	122	1,060
Sales & Principal Collections	11,548	296	3,321
Total Assets			
Book Value Reduction	284,614	5,481	45,646
Discount from Book Value	17,124	713	5,036
Sales & Principal Collections	$267,490	$4,767	$40,610

Notes: Data for inception through June 30, 1992 are net of putbacks recorded to date.

Data exclude transfer of REO from one subsidiary to a receivership totaling $200 million.

Resolution sales are shown at book value. Proceeds of assets sales at resolution are not separable from amounts paid for deposits of resolved thrifts.

Sales and principal collections are gross of seller financing which totalled $728 million from inception through May 31, 1992.

Beginning Assets and Asset Reductions
Inception Through June 1992
($ in billions)

651 Closed Institutions

	Cash & Securities /3	1-4 Family Mortgages	Other Mortgages	Other Loans	Real Estate /4	Subsid-iaries	Other Assets	Total
Assets at Takeover	$85.5	$91.9	$65.3	$25.9	$26.1	$9.5	17.8	$322.1
Reductions During Conservatorship								
Sales Proceeds	40.7	15.0	2.3	3.6	4.9	0.2	1.1	67.8
Payment & Maturities	27.1	12.4	8.8	7.3	0.0	1.0	0.8	57.5
Other Changes (Net) /1	(20.8)	2.0	2.3	(3.4)	4.1	2.0	(4.2)	(18.1)
Assets at Resolution	38.5	62.5	52.0	18.4	17.2	6.3	20.1	214.9
Resolution & Receivership Reductions								
Assets Passed (Net of Putbacks)	20.3	15.8	6.0	3.4	0.1	0.7	0.0	46.3
Assets Retained (After Putbacks)	18.1	46.7	46.0	15.0	17.0	5.6	20.1	168.6
Principal Collections	11.6	30.6	12.2	6.5	3.3	2.5	4.4	71.2
Other Changes (Net) /2	0.5	3.9	1.3	2.5	1.9	(4.0)	3.6	9.8
Receivership Assets as of June 30, 1992	$6.0	$12.2	$32.5	$6.0	$11.8	$7.1	$12.1	$87.6

60 Conservatorship Institutions

	Cash & Securities	1-4 Family Mortgages	Other Mortgages	Other Loans	Real Estate	Subsid-iaries	Other Assets	Total
Assets at Takeover	$17.6	$10.9	$8.3	$2.2	$2.1	$1.0	$1.7	$43.8
Reductions During Conservatorship								
Sales Proceeds	8.7	4.2	1.3	0.7	0.4	0.0	0.4	15.5
Payment & Maturities	5.5	1.7	1.1	0.5	0.0	0.1	0.4	9.3
Other Changes (Net)	(3.9)	(0.0)	(0.0)	0.0	0.2	0.0	(0.5)	(4.2)
Conservatorship Assets as of June 30, 1992	$7.3	$5.0	$6.0	$0.9	$1.5	$0.9	$1.5	$23.2

Beginning Assets and Asset Reductions
Inception Through June 1992
($ in billions)

All 711 Institutions

	Cash & Securities /3	1-4 Family Mortgages	Other Mortgages	Other Loans	Real Estate /4	Subsid-iaries	Other Assets	Total
Assets at Takeover	$103.1	$102.7	$73.6	$28.1	$28.2	$10.5	$19.5	$365.9
Reductions During Conservatorship								
Sales Proceeds	49.4	19.1	3.5	4.3	5.3	0.2	1.4	83.3
Payment & Maturities	32.6	14.1	9.9	7.8	0.0	1.1	1.2	66.7
Other Changes (Net) /1	(24.7)	2.0	2.3	(3.3)	4.3	2.0	(4.8)	(22.3)
Assets at Resolution	38.5	62.5	52.0	18.4	17.2	6.3	20.1	214.9
Resolution & Receivership Reductions								
Assets Passed (Net of Putbacks)	20.3	15.8	6.0	3.4	0.1	0.7	0.0	46.3
Assets Retained (After Putbacks)	18.1	46.7	46.0	15.0	17.0	5.6	20.1	168.6
Principal Collections	11.6	30.6	12.2	6.5	3.3	2.5	4.4	71.2
Other Changes (Net) /2	0.5	3.9	1.3	2.5	1.9	(4.0)	3.6	9.8
Conservatorship and Receivership Assets as of June 30, 1992	$13.4	$17.2	$38.4	$6.9	$13.2	$8.0	$13.7	$110.8

/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 $14.6 billion of receivership cash and investments available for the payment of expenses and dividends.

/4 Transfer of REO from one subsidiary to a receivership is included in Other Changes.