

RTC REVIEW

RESOLUTION TRUST CORPORATION

VOL. VI NO. 9

September 1995

John E. Ryan, Deputy and Acting Chief Executive Officer

- * **RTC Sold or Collected Assets with a Book Value of \$0.9 Billion in July, \$450 Billion, Net of Assets Put Back to RTC, Since Inception.**
- * **Recoveries on Asset Reductions Totaled \$0.5 Billion (55% of Book Value) in July, \$392 Billion (87% of Book Value) Since Inception.**
- * **The Book Value of RTC Assets in Liquidation was \$15 Billion on July 31, 1995.**

ASSET INVENTORY

In July, the amount of assets under RTC management decreased from \$16.2 billion to \$15.4 billion. The decrease in assets reflects the ongoing sales effort by the RTC to reduce its asset inventory. The \$15.4 billion of assets under RTC management on July 31 consisted of: \$1.5 billion in cash and securities, \$1.8 billion in performing 1-4 family mortgages, \$2.6 billion in other performing loans, \$3.1 billion in delinquent loans, \$1.4 billion in real estate, \$3.7 billion in investments in subsidiaries, and \$1.3 billion in other assets.

Many of these assets are low quality and less marketable assets. Real estate and delinquent loans represented 30% of total assets, whereas cash, securities, and performing 1-4 family mortgages represented 21% of total assets. The \$15.4 billion figure refers to assets in liquidation and excludes approximately \$13.8 billion in cash, liquid investments, and

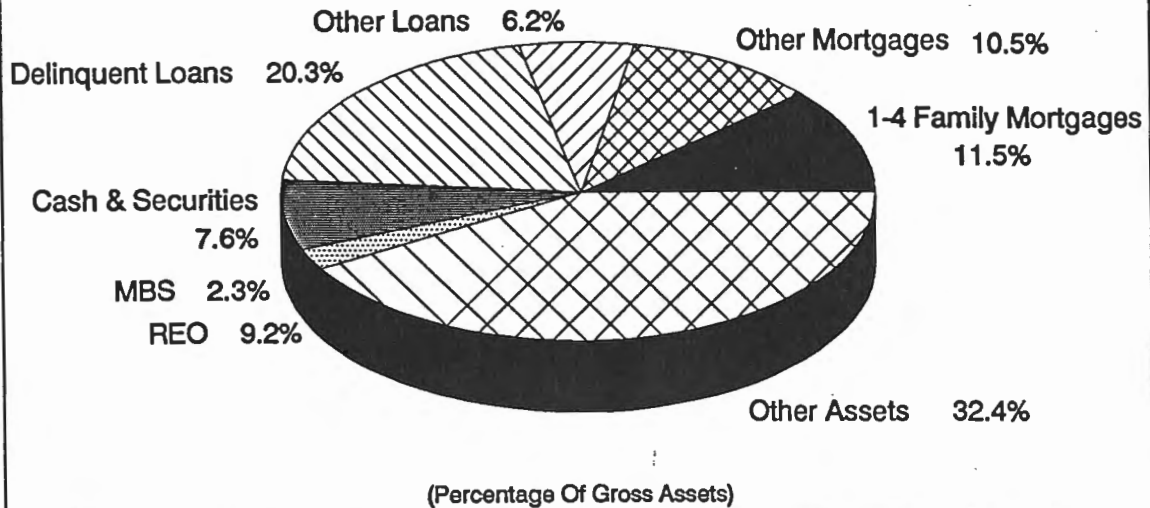
accounts receivable accumulated from receivership collections. Many of these accounts are restricted; about half are securitization reserve funds.

ASSET REDUCTIONS

In July, the proceeds of asset sales and other principal collections were \$502 million. This included \$278 million in sales proceeds and \$224 million in principal collections. From inception through July, the RTC collected \$158 billion from securities, \$106 billion from 1-4 family mortgages, \$57 billion from other mortgages, \$31 billion from non-mortgage loans, \$17 billion from real estate, and \$23 billion from other assets.

In terms of book value, July sales and collections were \$900 million. The average recovery rate on the collection of these assets was 55%. During the month, the RTC recovered 52% from securities, 64% from 1-4

**TOTAL ASSETS
UNDER RTC MANAGEMENT
As of July 31, 1995**



(Dollars In Billions)

	Amount	Percent Gross Assets
Cash & Investment Securities*	\$1.2	7.6 %
Mortgage Backed Securities	0.4	2.3
Performing Loans - Total	4.3	28.2
1-4 Family Mortgages	1.8	11.5
Construction & Land	0.2	1.3
Other Mortgages	1.4	9.3
Other Loans	1.0	6.2
Delinquent Loans - Total	3.1	20.3
1-4 Family Mortgages	0.4	2.7
Construction & Land	0.5	3.4
Other Mortgages	1.7	11.0
Other Loans	0.5	3.2
Real Estate Owned	1.4	9.2
Subsidiaries	3.7	23.8
Other Assets	1.3	8.6
Gross Assets	\$15.4	100.0 %

Data based on preliminary 7/31/95 information
Number of institutions: 747

* Excludes \$13.8 billion in cash, investments (including restricted investments), and accounts receivable accumulated by receiverships.

Asset Reductions By Type of Asset

(Dollars in Millions)

Inception To Date

	Sales Proceeds	Principal Collections	Total Sales & Principal Collections	Discount from Book Value	Total Book Value Reduction
Securities	\$97,661	\$60,604	\$158,266	\$3,505	\$161,770
1-4 Family Mortgages	78,033	27,939	105,973	4,238	110,211
Other Mortgages	34,366	22,468	56,834	18,602	75,436
Other Loans	14,732	15,928	30,660	3,988	34,647
REO	16,802	0	16,802	13,652	30,454
Other Assets	7,299	15,792	23,091	13,999	37,090
TOTAL	\$248,894	\$142,731	\$391,624	\$57,984	\$449,609

July 1995

	Sales Proceeds	Principal Collections	Total Sales & Principal Collections	Discount from Book Value	Total Book Value Reduction
Securities	\$16	\$32	\$49	\$46	\$94
1-4 Family Mortgages	25	31	55	32	87
Other Mortgages	175	78	253	161	414
Other Loans	14	29	43	36	79
REO	43	0	43	31	74
Other Assets	5	54	59	104	162
TOTAL	\$278	\$224	\$502	\$408	\$910

1995 Year to Date

	Sales Proceeds	Principal Collections	Total Sales & Principal Collections	Discount from Book Value	Total Book Value Reduction
Securities	\$595	\$1,128	\$1,723	\$61	\$1,783
1-4 Family Mortgages	1,992	251	2,243	284	2,527
Other Mortgages	1,279	401	1,680	1,447	3,127
Other Loans	213	123	336	329	665
REO	355	0	355	331	685
Other Assets	197	701	898	1,207	2,105
TOTAL	\$4,631	\$2,604	\$7,235	\$3,658	\$10,893

Notes:

Data for inception through July 31, 1995 are net of putbacks recorded to date.

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

Data exclude asset transfers between receiverships, subsidiaries, and RTC Corporate.

The distribution of sales and collections for receiverships for 1989 and 1990 is estimated.

family mortgages, 61% from other mortgages, 55% from non-mortgage loans, 58% from real estate, and 36% from other assets.

From the inception of the RTC through July, book value asset reductions were \$450 billion, and the RTC recovered 87% on these collections. From inception, the RTC has recovered 98% from securities, 96% from 1-4 family mortgages, 75% from other mortgages, 88% from non-mortgage loans, 55% from real estate, and 62% from other assets.

The RTC also collected \$0.2 billion in receivership income in July. From its inception to July 31, 1995, the RTC has collected \$20.6 billion in receivership income.

SOURCES AND USES OF FUNDS

From its inception through July 31, 1995, the RTC obtained \$106 billion in funds from the following external sources: \$50 billion in FIRREA appropriations, \$41 billion in subsequent loss funds authorized by Acts of Congress, and \$15 billion in Federal Financing Bank (FFB) borrowings. The RTC also obtained \$121 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. The RTC Completion Act, enacted into law on December 17, 1993, authorized the Treasury to provide the RTC with up to \$18.3 billion in loss funds. As of July 31, 1995,

SOURCES AND USES OF FUNDS (\$ in billions) Inception through July 31, 1995

SOURCES:	
Initial Treasury Appropriations	\$ 18.8
FHLB Contribution	1.2
REFCORP Borrowings	30.1
Additional Appropriations	40.7
FFB Borrowings	14.7
Total External Sources	105.5
Recoveries from Receiverships	121.2
TOTAL SOURCES	\$226.6
USES:	
Resolutions and Receivership Funding	\$ 217.2
FFB Interest	9.9
Other Disbursements (Net)*	-1.1
TOTAL USES	225.9
NET CASH AVAILABLE	\$ 0.7

* Includes expenses paid on behalf of conservatorships and other corporate disbursements, less interest payments and expense reimbursements received from conservatorships and other sources.

\$4 billion of the \$18.3 billion had been released by the Thrift Depositor Protection Oversight Board to fund resolutions.

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 747 resolutions through July 31 required outlays of \$217.2 billion from the RTC. Interest on FFB borrowings was \$9.9 billion. This left \$0.7 billion in cash on hand on July 31.

NEWS NOTES

FORMER RTC EMPLOYEE SENTENCED IN CONTRACT FRAUD SCHEME

A former employee of the RTC was sentenced on July 22 in U.S. District Court for the Western District of Missouri, Kansas City, Missouri, for conspiring to defraud the RTC.

Dallas Hainline of Overland Park, Kansas, an attorney in the RTC's former Kansas City Office, was indicted along with Mary Jo McCoy of Richmond, Kansas, a former asset specialist for the RTC, on September 27, 1994, on five counts of conspiracy, wire fraud, and conflict of interest.

Hainline and McCoy devised a scheme in April and May 1992 to influence the awarding of administrative service contracts to the accounting firm Grant Thornton, which would subcontract work to File Trac, Inc., a company that was to be owned and operated by Hainline. According to their scheme, Hainline and McCoy would receive money from payments made to File Trac, Inc. from Grant Thornton, which would receive payments from the RTC for services rendered under the contracts.

Hainline was sentenced to seven months imprisonment, to be followed by three years supervised probation; fined \$1,000; and ordered to pay a special assessment fee of \$50. McCoy was sentenced on May 12 to 18 months imprisonment, to be followed by three years supervised probation; fined \$2,000; and ordered to pay a special assessment fee of \$50.

The case was investigated by special agents of the RTC's Office of Inspector General (OIG). For further information, contact Clark W. Blight of the RTC OIG on (703) 908-7860.

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.

Commonly Dialed RTC Telephone Numbers

National Sales Center	(202) 416-4200
Real Estate Information Center and Orders for Asset Inventory	(800) 782-3006
Asset Specific Inquiry Service	(800) 782-3006
Securities Sales (Capital Markets)	(202) 416-7554
Contracting Office	(800) 541-1782
Office of Corporate Communications - Media Inquiries	(202) 416-7556
Low Income Housing Program	(202) 416-2823
Asset Claims	(202) 416-7262
Information Center ATI (Complaints)	(800) 348-1484

RTC Small Investors Program	(800) 421-2073
RTC Special Resources Clearinghouse	(800) 466-6288
Reading Room - Public Information	(202) 416-6940
Main Operator	(202) 416-6900
RTC California Office	(800) 283-9288
RTC Dallas Office	(800) 782-4674
RTC Atlanta Office	(800) 828-4362
RTC Valley Forge Office	(800) 782-6326
RTC Chicago Office	(800) 944-5343

Note:

California Office - CA, AZ, CO, HI, NM, NV, UT

Dallas Office - LA, MS, TX

Chicago 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

**Beginning Assets and Asset Reductions
Inception Through July 1995
(Dollars in Billions)**

All 747 Institutions

	Cash & Securities /1	1-4 Family Mortgages	Other Mortgages	Other Loans	Real Estate /2	Subsid- iaries	Other Assets	Total
Assets at Takeover.....	\$111.2	\$115.3	\$81.7	\$30.5	\$31.1	\$11.3	\$21.4	\$402.4
Reductions During Conservatorship								
Sales Proceeds.....	61.6	28.9	7.8	5.9	7.4	0.4	2.2	114.1
Payment & Maturities.....	52.8	17.9	12.0	11.3	0.0	1.2	2.7	97.9
Other Changes (Net) /3.....	(50.1)	1.0	4.8	(6.0)	3.5	(1.8)	(1.6)	(50.2)
Resolution & Receivership Reductions								
Assets Passed (Net of Putbacks).....	25.5	15.6	5.6	3.6	0.1	0.4	0.1	51.0
Principal Collections.....	18.4	43.6	31.5	9.9	9.2	7.4	8.6	128.6
Other Changes (Net) /4.....	1.5	6.1	16.3	4.3	9.3	0.0	8.0	45.6
Total Assets as of July 31, 1995.....	\$1.5	\$2.2	\$3.8	\$1.4	\$1.4	\$3.7	\$1.3	\$15.4

/1 Excludes \$13.8 billion in cash, investments (including restricted investments), and accounts receivables accumulated by receiverships.

/2 Transfer of REO from one subsidiary to a receivership is included in Other Changes.

/3 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. For receiverships, accounting adjustments made at resolution are also included.

/4 Includes asset balance adjustments and principal losses.