

RTC REVIEW

RESOLUTION TRUST CORPORATION

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John E. Ryan, Deputy and Acting Chief Executive Officer

- * **RTC Sold or Collected Assets with a Book Value of \$1.7 Billion in August, \$451 Billion, Net of Assets Put Back to RTC, Since Inception.**
- * **Recoveries on Asset Reductions Totaled \$0.8 Billion (48% of Book Value) in August, \$392 Billion (87% of Book Value) Since Inception.**
- * **The Book Value of RTC Assets in Liquidation was \$14 Billion on August 31, 1995.**

ASSET INVENTORY

In August, the amount of assets under RTC management decreased from \$15.4 billion to \$13.7 billion. The decrease in assets reflects the ongoing sales effort by the RTC to reduce its asset inventory. The \$13.7 billion of assets under RTC management on August 31 consisted of: \$1.5 billion in cash and securities, \$1.6 billion in performing 1-4 family mortgages, \$2.4 billion in other performing loans, \$2.8 billion in delinquent loans, \$1.2 billion in real estate, \$3.3 billion in investments in subsidiaries, and \$1.0 billion in other assets.

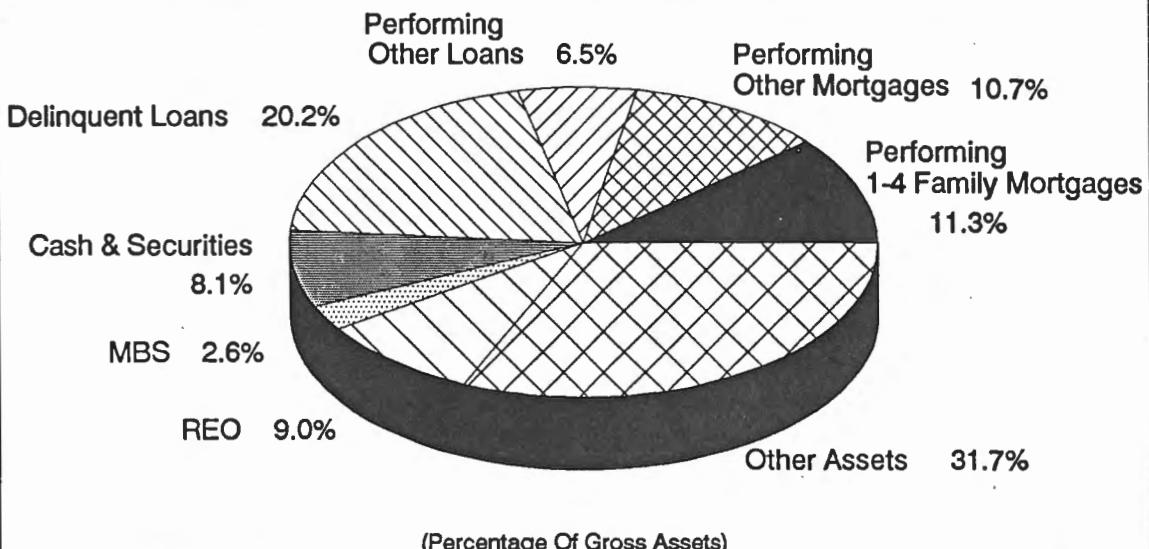
Many of these assets are low quality and less marketable assets. Real estate and delinquent loans represented 29% of total assets, whereas cash, securities, and performing 1-4 family mortgages represented 22% of total assets. Subsidiaries, which include thrift institution investments in subsidiaries as well as

RTC-generated equity participations, represented 24% of total assets. The \$13.7 billion figure refers to assets in liquidation and excludes approximately \$13.3 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 August, the proceeds of asset sales and other principal collections were \$0.8 billion. This included \$0.5 billion in sales proceeds and \$0.4 billion in principal collections. From inception through August, 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.

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



(Dollars in Billions)

	Amount	Percent Gross Assets
Cash & Investment Securities*	\$1.1	8.1%
Mortgage Backed Securities	0.4	2.6
Performing Loans - Total	3.9	28.5
1-4 Family Mortgages	1.6	11.3
Construction & Land	0.2	1.3
Other Mortgages	1.3	9.4
Other Loans	0.9	6.5
Delinquent Loans - Total	2.8	20.2
1-4 Family Mortgages	0.4	2.7
Construction & Land	0.5	3.3
Other Mortgages	1.5	11.0
Other Loans	0.4	3.2
Real Estate Owned	1.2	9.0
Subsidiaries	3.3	24.3
Other Assets	1.0	7.4
Gross Assets	\$13.7	100.0 %

Data based on preliminary 8/31/95 information

Number of institutions: 747

* Excludes \$13.3 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	\$97,704	\$60,678	\$158,382	\$3,535	\$161,917
1-4 Family Mortgages	78,167	27,964	106,132	4,322	110,454
Other Mortgages	34,496	22,597	57,093	18,841	75,934
Other Loans	14,755	15,957	30,712	4,033	34,745
REO	16,889	0	16,889	13,748	30,636
Other Assets	7,304	15,886	23,190	14,377	37,566
TOTAL	\$249,314	\$143,083	\$392,397	\$58,856	\$451,253

August 1995

	Sales Proceeds	Principal Collections	Total Sales & Principal Collections	Discount from Book Value	Total Book Value Reduction
Securities	\$42	\$74	\$116	\$31	\$147
1-4 Family Mortgages	138	25	164	84	247
Other Mortgages	150	129	279	239	518
Other Loans	26	29	55	45	100
REO	90	0	90	95	185
Other Assets	5	94	99	377	476
TOTAL	\$451	\$352	\$803	\$871	\$1,674

1995 Year to Date

	Sales Proceeds	Principal Collections	Total Sales & Principal Collections	Discount from Book Value	Total Book Value Reduction
Securities	\$637	\$1,202	\$1,839	\$91	\$1,930
1-4 Family Mortgages	2,130	276	2,406	368	2,774
Other Mortgages	1,429	530	1,960	1,686	3,645
Other Loans	239	153	391	374	765
REO	445	0	445	426	871
Other Assets	202	795	997	1,584	2,582
TOTAL	\$5,083	\$2,956	\$8,039	\$4,529	\$12,568

Notes: Data for inception through August 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.

In terms of book value, August sales and collections were \$1.7 billion. The average recovery rate on the collection of these assets was 48%. During the month, the RTC recovered 79% from securities, 66% from 1-4 family mortgages, 54% from other mortgages, 55% from non-mortgage loans, 48% from real estate, and 21% from other assets. The low recovery rate for other assets was attributable to the disposition of Judgements and Deficiencies, which typically have a negligible recovery rate.

From the inception of the RTC through August, book value asset reductions were \$451 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 August. From its inception to August 31, 1995, the RTC has collected \$20.8 billion in receivership income.

SOURCES AND USES OF FUNDS

From its inception through August 31, 1995, the RTC obtained \$104 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 \$14 billion in Federal Financing Bank (FFB) borrowings. The RTC also obtained \$122 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

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

SOURCES:

Initial Treasury Appropriations	\$ 18.8
FHLB Contribution	1.2
REFCORP Borrowings	30.1
Additional Appropriations	40.7
FFB Borrowings	13.6
Total External Sources	104.4
Recoveries from Receiverships	122.4
TOTAL SOURCES	\$226.8

USES:

Resolutions and Receivership Funding	\$ 217.3
FFB Interest	9.9
Other Disbursements (Net)*	-1.1
TOTAL USES	226.0
NET CASH AVAILABLE	\$ 0.8

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

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 August 31, 1995, \$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 August 31 required outlays of \$217.3 billion from the RTC. Interest on FFB borrowings was \$9.9 billion. This left \$0.8 billion in cash on hand on August 31.

NEWS NOTES

On September 11, 1995, the RTC released its Corporate Securities Portfolio, which contains investment and non-investment-grade bonds, foreign bonds, and various corporate debt obligations totaling \$253 million (par value); 35.4 million shares of preferred and common stock; 1 million shares of rights and warrants; 21 limited partnership interests; and \$39.5 million (par amount) of highly leveraged transaction loan interests. These securities are from more than 90 institutions.

The remaining high-yield bonds consist primarily of private placements and securities with restrictions on sale.

All interested bidders must satisfy internal RTC qualification procedures prior to bid-

ding, including qualification documentation specific to this program. All interested bidders previously qualified must be requalified for any sales out of the Corporate Securities Portfolio. Information on sales of securities may be obtained by contacting Stephen W. Guy of the RTC at (202) 416-4458.

Copies of the RTC's fixed-income portfolio may be obtained from the RTC Reading Room at (202) 416-6940.

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) 628-4362
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 August 1995
(Dollars in Billions)

All 747 Institutions

	Cash & Securities /1	1-4 Family Mortgages	Other Mortgages	Other Loans	Real Estate /2	Subsidaries	Other Assets	Total
Assets at Takeover.....	\$111.2	\$115.3	\$81.7	\$30.5	\$31.1	\$11.3	\$21.4	\$402.4
<u>Reductions During Conservatorship</u>								
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)
<u>Resolution & Receivership Reductions</u>								
Assets Passed (Net of Putbacks).....	25.5	15.5	5.6	3.6	0.1	0.4	0.1	51.0
Principal Collections.....	18.5	43.8	31.8	9.9	9.3	7.4	8.6	129.4
Other Changes (Net) /4.....	1.4	6.2	16.4	4.4	9.4	0.3	8.3	46.4
Total Assets as of August 31, 1995.....	\$1.5	\$1.9	\$3.4	\$1.3	\$1.2	\$3.3	\$1.0	\$13.7

/1 Excludes \$13.3 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.