

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 \$1.1 Billion in September, \$452 Billion, Net of Assets Put Back to RTC, Since Inception.**
- * **Recoveries on Asset Reductions Totaled \$0.4 Billion (36% of Book Value) in September, \$393 Billion (87% of Book Value) Since Inception.**
- * **The Book Value of RTC Assets in Liquidation was \$13 Billion on September 30, 1995.**

ASSET INVENTORY

In September, the amount of assets under RTC management decreased from \$13.7 billion to \$12.7 billion. The decrease in assets reflects the ongoing sales effort by the RTC to reduce its asset inventory. The \$12.7 billion of assets under RTC management on September 30 consisted of: \$1.5 billion in cash and securities, \$1.5 billion in performing 1-4 family mortgages, \$2.0 billion in other performing loans, \$2.5 billion in delinquent loans, \$1.2 billion in real estate, \$3.1 billion in investments in subsidiaries, and \$0.9 billion in other assets.

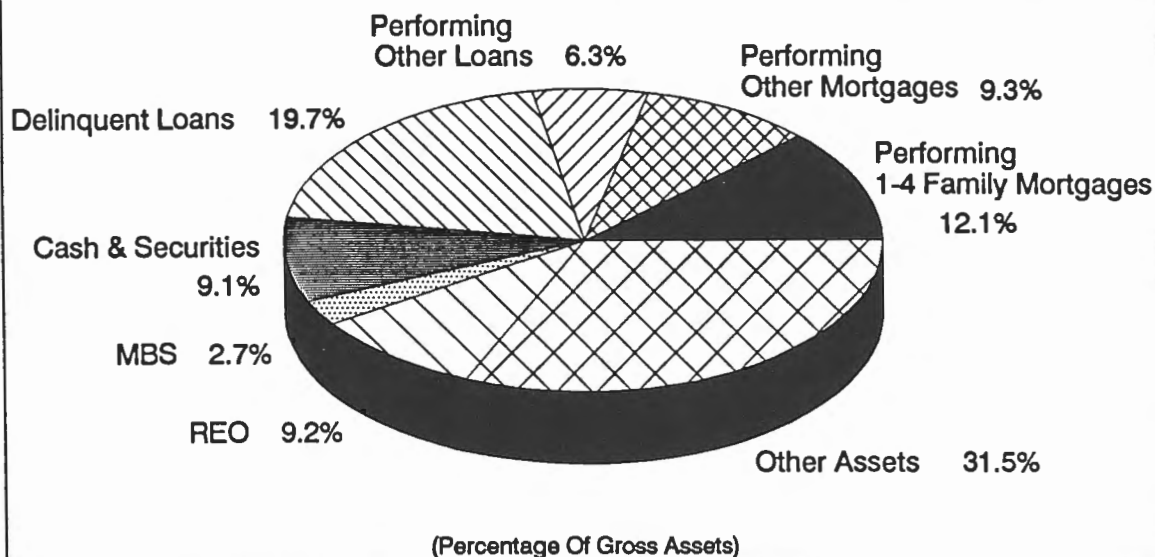
Many of these assets are low quality and less marketable assets. Real estate and delinquent loans represented 29% of total assets, whereas cash, securities, and performing 1-4

family mortgages represented 24% of total assets. The \$12.7 billion excludes approximately \$13.1 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 September, the proceeds of asset sales and other principal collections were \$0.4 billion. This included \$0.2 billion in sales proceeds and \$0.2 billion in principal collections. From inception through September, 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 September 30, 1995**



(Dollars in Billions)

	Amount	Percent Gross Assets
Cash & Investment Securities*	\$1.2	9.1 %
Mortgage Backed Securities	0.3	2.7
Performing Loans - Total	3.5	27.8
1-4 Family Mortgages	1.5	12.1
Construction & Land	0.2	1.4
Other Mortgages	1.0	7.9
Other Loans	0.8	6.3
Delinquent Loans - Total	2.5	19.7
1-4 Family Mortgages	0.3	2.4
Construction & Land	0.4	3.1
Other Mortgages	1.5	11.6
Other Loans	0.3	2.5
Real Estate Owned	1.2	9.2
Subsidiaries	3.1	24.6
Other Assets	0.9	7.0
Gross Assets	\$12.7	100.0%

Data based on preliminary 9/30/95 information
Number of institutions: 747

* Excludes \$13.1 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	\$97,696	\$60,729	\$158,425	\$3,580	\$162,004
1-4 Family Mortgages	78,173	27,983	106,156	4,360	110,516
Other Mortgages	34,525	22,605	57,130	19,056	76,187
Other Loans	14,796	16,001	30,798	4,131	34,928
REO	16,937	0	16,937	13,794	30,730
Other Assets	7,334	<u>15,988</u>	<u>23,322</u>	<u>14,649</u>	<u>37,971</u>
TOTAL	\$249,460	\$143,307	\$392,767	\$59,570	\$452,337

September 1995

	Sales Proceeds	Principal Collections	Total Sales & Principal Collections	Discount from Book Value	Total Book Value Reduction
Securities	\$0	\$51	\$51	\$44	\$95
1-4 Family Mortgages	14	19	33	38	71
Other Mortgages	49	8	58	215	273
Other Loans	42	44	86	98	184
REO	49	0	49	46	95
Other Assets	<u>30</u>	<u>102</u>	<u>132</u>	<u>272</u>	<u>404</u>
TOTAL	\$183	\$224	\$408	\$714	\$1,122

1995 Year to Date

	Sales Proceeds	Principal Collections	Total Sales & Principal Collections	Discount from Book Value	Total Book Value Reduction
Securities	\$629	\$1,252	\$1,882	\$136	\$2,017
1-4 Family Mortgages	2,144	295	2,439	406	2,846
Other Mortgages	1,479	538	2,017	1,901	3,918
Other Loans	280	197	477	472	949
REO	494	0	494	472	966
Other Assets	<u>232</u>	<u>898</u>	<u>1,130</u>	<u>1,856</u>	<u>2,986</u>
TOTAL	\$5,258	\$3,180	\$8,439	\$5,243	\$13,682

Notes:

Data for inception through September 30, 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, September sales and collections were \$1.1 billion. The average recovery rate on the collection of these assets was 36%. During the month, the RTC recovered 53% from securities, 46% from 1-4 family mortgages, 21% from other mortgages, 47% from non-mortgage loans, 51% from real estate, and 33% from other assets. Losses on disposition were \$0.7 billion for the month, with over 37% of those losses coming from other assets. As of December 31, 1994, the projected recovery rate on other assets was 31%.

From the inception of the RTC through September, book value asset reductions were \$452 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 61% from other assets.

The RTC also collected \$0.2 billion in receivership income in September. From its inception to September 30, 1995, the RTC has collected \$21.0 billion in receivership income.

QUARTERLY ASSET ACTIVITY

A look at RTC assets shows a steady decline in the inventory in each quarter from the third quarter of 1994 to the third quarter of 1995. As of September 30, 1995, the RTC controlled \$12.7 billion in assets, whereas it held \$45.5 billion on March 31, 1994, a decline of 72%. The reduction represents the continuing sales effort by the RTC to reduce its inventory and the resolution of all RTC's conservatorship institutions. As of July 1, 1995, RTC's authority to take over new thrift failures expired.

There was no conservatorship activity during the third quarter of 1995 since all RTC's conservatorships had been resolved. The

recovery rate on the disposition of conservatorship assets remained relatively high during the last three quarters of 1994 and the first half of 1995, with the lowest recovery rate of 91.1% occurring in the fourth quarter of 1994.

The final RTC resolution was in the second quarter of 1995. Resolution sales measured only \$82 million from the three 1995 resolutions. In the second quarter of 1994, sales to acquirers were \$1.6 billion.

Receivership payments and maturities averaged \$0.8 billion during the first three quarters of 1995. In comparison, receivership payments and maturities averaged \$1.8 billion in the last half of 1994. Receivership sales declined in the third quarter of 1995 to \$0.9 billion from the \$2.8 billion in the second quarter of 1995, a decline of 68%.

In disposing of assets, the recovery rate on asset book value declined to a low of 46% in the third quarter of 1995 from a high of 71% in the third quarter of 1994. A higher proportion of low quality assets were disposed of in the third quarter of 1995. Losses on disposition were \$2.0 billion for the third quarter of 1995, with over 37% of those losses coming from other assets.

As of September 30, 1995, only 24% of the RTC's remaining assets were in performing 1-4 family mortgages, cash, and securities. Consequently, the RTC expects future recovery rates to decline, as the lower quality assets are liquidated.

RECEIVERSHIP TERMINATIONS

Since the inception of the Receivership Termination Program in July 1992, 261 receiverships, with \$21.9 billion in gross assets at takeover, have been terminated. The percentage of total dividends paid to proven claimants was 70% with \$10.6 billion of total dividends being paid on total proved claims of

Quarterly Asset Activity
1994 – 1995
(Dollars In Billions)

	3rd Quarter 1995	2nd Quarter 1995	1st Quarter 1995	4th Quarter 1994	3rd Quarter 1994
Total Assets at Beginning of Period.....	\$16.2	\$20.8	\$25.0	\$36.5	\$45.5
<u>CONSERVATORSHIP ACTIVITY:</u>					
ADD:					
New Conservatorship Assets.....	0.0	0.0	0.0	0.0	0.0
LESS:					
Conservatorship Payments & Maturities.....	0.0	0.1	0.7	1.1	1.8
Conservatorship Sales Proceeds.....	0.0	0.0	0.3	1.0	0.5
Loss on Sales.....	0.0	(0.0)	0.0	0.2	0.1
Other Changes (add).....	0.0	0.0	(0.5)	(0.8)	(1.3)
<u>RESOLUTION & RECEIVERSHIP ACTIVITY:</u>					
ADD:					
Accelerated Resolution Program Assets.....	0.0	0.4	0.0	0.0	0.0
LESS:					
Resolution Sales (Gross of Putbacks).....	0.0	0.0	0.0	0.0	1.6
Receivership Payments & Maturities.....	0.8	0.7	1.0	1.7	1.8
Receivership Sales Proceeds.....	0.9	2.8	1.1	4.2	1.2
Principal Losses.....	2.0	1.7	1.6	3.8	2.7
Other Changes (add).....	(0.2)	(0.2)	(0.1)	0.3	0.5
Total Assets at End of Period.....	\$12.7	\$16.2	\$20.8	\$25.0	\$36.5
Recovery Rate on Asset Sales and Collections.....	46%	68%	67%	66%	71%

Note: Second quarter 1995 conservatorship activity includes residual amount of sales proceeds and collections for an institution resolved on 11/18/94.

\$15.3 billion. The difference between the proven claims of the terminating receiverships and the actual total dividend paid represents the negative book value net worth at time of resolution for these institutions, minus any deposit premiums paid by acquirers, plus all post-conservatorship asset losses, expenses, and adjustments. Virtually all claims (99.51%) were from the RTC.

The 261 terminating receiverships had resolution and receivership book value reductions of \$14.0 billion, and recovered \$11.9 billion in cash proceeds from resolution and receivership sales and collections to the

general public. The corporation purchased \$665 million in assets from these institutions for \$326 million. After the corporate purchase, the corporation has received \$229 million in cash proceeds from sales and collections on assets with a book value of \$417 million.

In the RTC Receivership Termination program, the remaining assets of a receivership are purchased by the corporation and placed into a corporate pool for disposition. Final dividends are paid out to proved claimants of the receivership, other liabilities are written off, and the receivership is terminated.

Receivership Terminations Inception Through September 1995 (Dollars in Billions)	
Number of Receiverships Terminated or in Process of Termination (1).....	261
Book Value of Assets at Takeover.....	\$21.9
Book Value of Assets at Resolution.....	\$14.4
Book Value of Assets Sold and Collected at Resolution or in Receivership.....	\$14.0
Cash Proceeds from Assets Sold and Collected at Resolution or in Receivership.....	\$11.9
Total Book Value Purchased by Corporation.....	\$0.7
Estimated Cash Proceeds from Assets Purchased by Corporation.....	\$0.3
Total Dividends from Terminating Receiverships (2).....	\$10.6
Total Proven Claims on Terminating Receiverships.....	\$15.3
Pct. Dividends to Proven Claims.....	70%
<p>(1) Refers to receiverships that the RTC has approved for termination and which have paid a final dividend. Twenty-two receiverships did not have remaining funds to pay a final dividend.</p> <p>(2) All payments paid to the RTC and other proven claimants over time on an undiscounted basis. Excludes \$1.9 billion in repayments of RTC advances.</p> <p>Notes: Data exclude general claims proved and dividends paid to pass-through receivership creditors. Data exclude general unsecured creditors for institutions in depositor preference states. Data are preliminary.</p>	

SOURCES AND USES OF FUNDS

From its inception through September 30, 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 \$13 billion in Federal Financing Bank (FFB) borrowings. The RTC also obtained \$123 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 September 30, 1995, \$4 billion of the \$18.3 billion had been released by the Thrift Depositor Protection Oversight Board to fund resolutions. In October 1995, the Oversight Board released an additional \$556 million to the RTC.

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 September 30 required outlays of \$217.4 billion from the

SOURCES AND USES OF FUNDS (\$ in billions) Inception through September 30, 1995

SOURCES:	
Initial Treasury Appropriations	\$ 18.8
FHLB Contribution	1.2
REFCORP Borrowings	30.1
Additional Appropriations	40.7
FFB Borrowings	13.2
Total External Sources	103.9
Recoveries from Receiverships	123.1
TOTAL SOURCES	\$227.0
USES:	
Resolutions and Receivership Funding	\$217.4
FFB Interest	9.9
Other Disbursements (Net)**	-1.1
TOTAL USES	226.1
NET CASH AVAILABLE	\$ 0.9

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

RTC. Interest on FFB borrowings was \$9.9 billion. This left \$0.9 billion in cash on hand on September 30.

NEWS NOTES

RTC TO OFFER \$700 MILLION IN LOANS IN FINAL NATIONAL LOAN AUCTION IN KANSAS CITY

Investors are gearing up for the last major opportunity to purchase loan assets from the RTC when the agency holds its eighth and final national loan auction in Kansas City, Missouri, on December 13, 14, and 15.

Non-performing and performing loans with a total book value of approximately \$700 million will be sold to the highest bidders during the three-day auction. The auction will feature approximately 6,100 loans grouped into approximately 390 packages ranging in book value from \$100,000 to more than \$22 million.

The loan packages will be grouped by product type and geographic location.

"This auction will be the last opportunity for investors to purchase RTC loan assets at a major auction event before the agency sunsets at the end of this year," said John E. Ryan, Deputy and Acting Chief Executive Officer of the RTC. "The national loan auction series has a proven track record among investors, with hundreds of participants at our past events bidding successfully. Their enthusiasm has resulted in very good prices for the taxpayer."

The auction will be comprised equally of performing and non-performing loans. The loan packages will consist of loans secured by one-to four-family properties, commercial real estate, multi-family properties, land, consumer loans, and low-document loans. In addition, more than 80 individual loans with balances ranging from \$1 million to \$16 million will be offered.

Qualified bidders of all capital sizes are encouraged to participate. The auction will be held at the Kansas City Convention Center,

Bartle Hall, 301 West 13th Street, Kansas City, Missouri, beginning at 11 a.m. on December 13 and at 9 a.m. on December 14 and 15.

Prospective bidders may obtain bid packages and additional information by contacting the auctioneer, First Financial Auction Network, at 1-800-370-9057. Loan documents may be reviewed by appointment at the RTC auction center at 2345 Grand Avenue, Kansas City. The auction center will be open beginning November 6, Monday through Friday, from 8 a.m. to 6 p.m., and Saturdays from 9 a.m. to 3 p.m. The office will be closed on Sundays and November 23-25 for the Thanksgiving holiday.

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.

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 September 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
<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	50.9
Principal Collections.....	18.6	43.8	31.9	10.0	9.4	7.6	8.6	129.8
Other Changes (Net) /4.....	1.4	6.3	16.7	4.5	9.4	0.4	8.4	47.1
Total Assets as of September 30, 1995.....	\$1.5	\$1.8	\$3.1	\$1.1	\$1.2	\$3.1	\$0.9	\$12.7

/1 Excludes \$13.1 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.