

RTC REVIEW

RESOLUTION TRUST CORPORATION

VOL. VI NO. 12

December 1995

John E. Ryan, Deputy and Acting Chief Executive Officer

- * **RTC Sunsets December 31, 1995.**
- * **RTC Sold or Collected Assets with a Book Value of \$2.1 Billion in October, \$454 Billion, Net of Assets Put Back to RTC, Since Inception.**
- * **Recoveries on Asset Reductions Totaled \$1.7 Billion (80% of Book Value) in October, \$394 Billion (87% of Book Value) Since Inception.**
- * **The Book Value of RTC Assets in Liquidation was \$11 Billion on October 31, 1995.**

ASSET INVENTORY

The RTC will close its doors on December 31, 1995. At that time, remaining RTC assets and liabilities will be transferred to the FDIC. The data contained in the *RTC Review* will be updated by the FDIC through December 31, 1995.

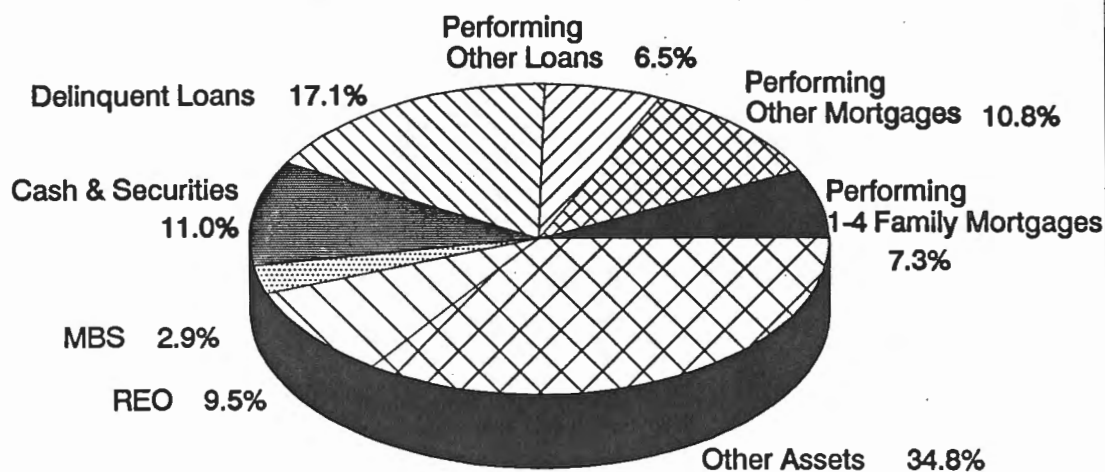
In October, the amount of assets under RTC management decreased from \$12.7 billion to \$11.1 billion. The decrease in assets reflects the ongoing sales effort by the RTC to reduce its asset inventory. The \$11.1 billion of assets under RTC management on October 31 consisted of: \$1.5 billion in cash and securities, \$0.8 billion in performing 1-4 family mortgages, \$1.9 billion in other performing loans, \$1.9 billion in delinquent loans, \$1.1 billion in real estate, \$3.0 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 27% of total assets, whereas cash, securities, and performing 1-4 family mortgages represented 21% of total assets. The \$11.1 billion excludes approximately \$12.8 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 October, the proceeds of asset sales and other principal collections were \$1.7 billion. This included \$1.5 billion in sales proceeds and \$0.2 billion in principal collections. From inception through October, the RTC collected \$159 billion from securities, \$107 billion from 1-4 family mortgages, \$57 billion from other mortgages, \$31 billion from non-

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



(Percentage Of Gross Assets)

(Dollars in Billions)

| | Amount | Percent Gross Assets |
|---------------------------------|---------------|-------------------------|
| Cash & Investment Securities* | \$1.2 | 11.0 % |
| Mortgage Backed Securities | 0.3 | 2.9 |
| Performing Loans - Total | 2.7 | 24.7 |
| 1-4 Family Mortgages | 0.8 | 7.3 |
| Construction & Land | 0.2 | 1.7 |
| Other Mortgages | 1.0 | 9.1 |
| Other Loans | 0.7 | 6.5 |
| Delinquent Loans - Total | 1.9 | 17.1 |
| 1-4 Family Mortgages | 0.2 | 1.6 |
| Construction & Land | 0.3 | 3.0 |
| Other Mortgages | 1.1 | 10.0 |
| Other Loans | 0.3 | 2.5 |
| Real Estate Owned | 1.1 | 9.5 |
| Subsidiaries | 3.0 | 26.9 |
| Other Assets | 0.9 | 7.8 |
| Gross Assets | \$11.1 | 100.0 % |

Data based on preliminary 10/31/95 information

Number of institutions: 747

* Excludes \$12.8 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 | \$98,232 | \$60,786 | \$159,018 | \$3,483 | \$162,501 |
| 1-4 Family Mortgages | 78,955 | 28,003 | 106,958 | 4,393 | 111,351 |
| Other Mortgages | 34,505 | 22,649 | 57,154 | 19,322 | 76,476 |
| Other Loans | 14,829 | 16,009 | 30,838 | 4,202 | 35,040 |
| REO | 16,991 | 0 | 16,991 | 13,847 | 30,838 |
| Other Assets | 7,420 | 16,058 | 23,478 | 14,740 | 38,218 |
| TOTAL | \$250,932 | \$143,505 | \$394,438 | \$59,986 | \$454,424 |

October 1995

| | Sales Proceeds | Principal Collections | Total Sales & Principal Collections | Discount from Book Value | Total Book Value Reduction |
|----------------------|-------------------|--------------------------|---|--------------------------------|----------------------------------|
| Securities | \$536 | \$57 | \$593 | (\$96) | \$497 |
| 1-4 Family Mortgages | 784 | 20 | 804 | 33 | 837 |
| Other Mortgages | 14 | 44 | 58 | 265 | 323 |
| Other Loans | 33 | 7 | 40 | 71 | 112 |
| REO | 57 | 0 | 57 | 53 | 110 |
| Other Assets | 85 | 71 | 156 | 91 | 247 |
| TOTAL | \$1,509 | \$199 | \$1,708 | \$417 | \$2,125 |

1995 Year to Date

| | Sales Proceeds | Principal Collections | Total Sales & Principal Collections | Discount from Book Value | Total Book Value Reduction |
|----------------------|-------------------|--------------------------|---|--------------------------------|----------------------------------|
| Securities | \$1,165 | \$1,309 | \$2,475 | \$39 | \$2,514 |
| 1-4 Family Mortgages | 2,928 | 315 | 3,243 | 439 | 3,682 |
| Other Mortgages | 1,492 | 583 | 2,075 | 2,166 | 4,241 |
| Other Loans | 313 | 204 | 516 | 543 | 1,060 |
| REO | 551 | 0 | 551 | 525 | 1,076 |
| Other Assets | 318 | 968 | 1,285 | 1,947 | 3,232 |
| TOTAL | \$6,767 | \$3,379 | \$10,146 | \$5,660 | \$15,805 |

Notes:

Data for inception through October 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.

mortgage loans, \$17 billion from real estate, and \$23 billion from other assets.

In terms of book value, October sales and collections were \$2.1 billion. The average recovery rate on the collection of these assets was 80%. During the month, the RTC recovered 119% from securities, 96% from 1-4 family mortgages, 18% from other mortgages, 36% from non-mortgage loans, 52% from real estate, and 63% from other assets.

The 80% recovery rate for October was considerably higher than in recent months. This reflected, in part, the securitization of performing 1-4 family loans. In addition, the recovery rate for securities was swelled by gains on the sale of one large security issue.

From the inception of the RTC through October, book value asset reductions were \$454 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 October. From its inception to October 31, 1995, the RTC has collected \$21.1 billion in receivership income.

SOURCES AND USES OF FUNDS

From its inception through October 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 \$12 billion in Federal Financing Bank (FFB) borrowings. The RTC also obtained \$124 billion in recoveries from receiverships.

| SOURCES AND USES OF FUNDS | |
|---|----------------|
| (\$ in billions) | |
| Inception through October 31, 1995 | |
| SOURCES: | |
| Initial Treasury Appropriations | \$ 18.8 |
| FHLB Contribution | 1.2 |
| REFCORP Borrowings | 30.1 |
| Additional Appropriations | 41.2 |
| FFB Borrowings | 12.4 |
| Total External Sources | 103.7 |
| Recoveries from Receiverships | 124.3 |
| TOTAL SOURCES | \$228.0 |
| USES: | |
| Resolutions and Receivership Funding | \$ 217.5 |
| FFB Interest | 10.1 |
| Other Disbursements (Net)* | -1.1 |
| TOTAL USES | 226.4 |
| NET CASH AVAILABLE | \$ 1.6 |
| * Includes expenses paid on behalf of conservatorships and other corporate disbursements, less interest payments and expense reimbursements received from conservatorships and other sources. | |

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 October 31, 1995, \$4.6 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 October 31 required outlays of \$217.5 billion from the RTC. Interest on FFB borrowings was \$10.1 billion. This left \$1.6 billion in cash on hand on October 31.

NEWS NOTES

RTC TO PUBLISH STATISTICAL ABSTRACT

At the end of December, the RTC will publish a Statistical Abstract, which reports various RTC activities from its inception on August 9, 1989 through September 30, 1995. The document will include data on RTC's caseload, resolutions, asset balances, sales and collections, and sources and uses of cash. Both annual and quarterly data will be reported, and most activities will be broken out by institution type (conservatorship or receivership) and asset type. To obtain a copy, contact the RTC Reading Room at (202) 416-6940.

RTC RECOVERS \$404 MILLION AT FINAL NATIONAL LOAN AUCTION

Nearly \$404 million was recovered for taxpayers by the RTC during its highly successful final national loan auction concluded December 15 in Kansas City, Missouri. Aggressive bidding by the approximately 232 companies and individuals attending resulted in the sale of more than 5,700 performing and non-performing loan assets.

"The results of this auction are outstanding," said John E. Ryan, Deputy and Acting Chief

Executive Officer for the RTC. "Due in large part to the excellent marketing work of the RTC's staff, we will close our doors on December 31 having achieved a remarkable recovery for the taxpayers. In less than six years, nearly \$500 billion in troubled assets have been sold and removed from the government's inventory at a recovery rate of 87 percent of book value."

At the Kansas City auction, the RTC sold performing and non-performing loans with a total principal balance of \$577 million, and recovered an average of 70 percent. Performing loans sold for an average of 87 percent of principal balance, and non-performing loans sold for an average of 50 percent of principal balance.

Approximately 700 people attended the auction, and 232 companies and individuals registered to bid on the 372 loan packages, which ranged in size from \$50,000 to \$22 million. There were 101 winning bidders.

On the first day of the auction, with offerings consisting primarily of residential mortgages, the RTC recovered \$198 million. With sales during the second day comprised of mainly commercial loans, the RTC recovered \$105 million. On the last day of the auction, the RTC recovered \$101 million on packages comprised mainly of land and consumer loans.

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. After December 31, 1995, requests should be made to the FDIC Public Information Center at the same address and phone number.

**Beginning Assets and Asset Reductions
Inception Through October 31, 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 | 5.5 | 3.6 | 0.1 | 0.4 | 0.1 | 50.9 |
| Principal Collections..... | 19.1 | 44.6 | 31.9 | 10.0 | 9.4 | 7.7 | 8.7 | 131.5 |
| Other Changes (Net) /4..... | 0.7 | 6.3 | 17.1 | 4.6 | 9.5 | 0.4 | 8.4 | 47.1 |
| Total Assets as of October 31, 1995..... | \$1.5 | \$1.0 | \$2.6 | \$1.0 | \$1.1 | \$3.0 | \$0.9 | \$11.1 |

/1 Excludes \$12.8 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.