

# ***RTC REVIEW***

RESOLUTION TRUST CORPORATION

VOL. VI NO. 13

December 1995 - No. 2

John E. Ryan, Deputy and Acting Chief Executive Officer

- \* RTC Sunsets December 31, 1995.**
- \* RTC Sold or Collected Assets with a Book Value of \$1.4 Billion in November, \$456 Billion, Net of Assets Put Back to RTC, Since Inception.**
- \* Recoveries on Asset Reductions Totaled \$0.9 Billion (63% of Book Value) in November, \$395 Billion (87% of Book Value) Since Inception.**
- \* The Book Value of RTC Assets in Liquidation was \$10 Billion on November 30, 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.

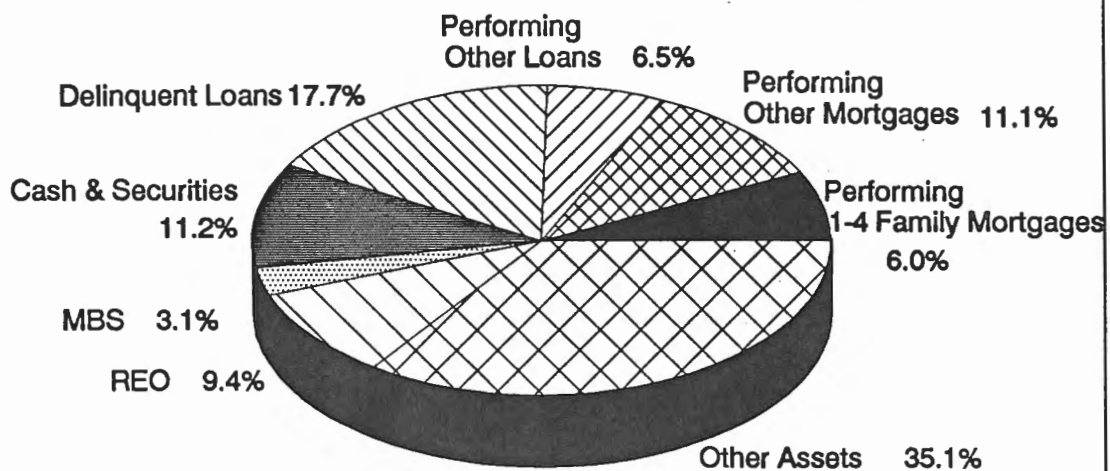
In November, the amount of assets under RTC management decreased from \$11.1 billion to \$10.0 billion. The decrease in assets reflects the ongoing sales effort by the RTC to reduce its asset inventory. The \$10.0 billion of assets under RTC management on November 30 consisted of: \$1.4 billion in cash and securities, \$0.6 billion in performing 1-4 family mortgages, \$1.8 billion in other performing loans, \$1.8 billion in delinquent loans, \$0.9 billion in real estate, \$2.8 billion in investments in subsidiaries, and \$0.7 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 20% of total assets. The \$10.0 billion figure refers to assets in liquidation and excludes approximately \$12.3 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 November, the proceeds of asset sales and other principal collections were \$0.9 billion. This included \$0.3 billion in sales proceeds and \$0.6 billion in principal collections. From inception through November, the RTC collected \$159 billion from securities, \$107 billion from 1-4 family mortgages, \$57 billion

**TOTAL ASSETS**  
**UNDER RTC MANAGEMENT**  
**As of November 30, 1995**



(Percentage Of Gross Assets)

(Dollars in Billions)

	Amount	Percent Gross Assets
Cash & Investment Securities*	\$1.1	11.2 %
Mortgage Backed Securities	0.3	3.1
Performing Loans - Total	2.4	23.5
1-4 Family Mortgages	0.6	6.0
Construction & Land	0.2	1.9
Other Mortgages	0.9	9.2
Other Loans	0.6	6.5
Delinquent Loans - Total	1.8	17.7
1-4 Family Mortgages	0.3	2.8
Construction & Land	0.3	2.8
Other Mortgages	1.0	9.8
Other Loans	0.2	2.3
Real Estate Owned	0.9	9.4
Subsidiaries	2.8	27.7
Other Assets	0.7	7.4
<b>Gross Assets</b>	<b>\$10.0</b>	<b>100.0 %</b>

Data based on preliminary 11/30/95 information  
Number of institutions: 747

\* Excludes \$12.3 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	\$98,279	\$61,098	\$159,377	\$3,510	\$162,887
1-4 Family Mortgages	79,015	28,017	107,032	4,414	111,446
Other Mortgages	34,571	22,656	57,227	19,519	76,745
Other Loans	14,904	16,015	30,919	4,237	35,155
REO	17,026	0	17,026	13,916	30,942
Other Assets	7,449	16,285	23,734	14,928	38,662
<b>TOTAL</b>	<b>\$251,243</b>	<b>\$144,071</b>	<b>\$395,314</b>	<b>\$60,523</b>	<b>\$455,837</b>

### November 1995

	Sales Proceeds	Principal Collections	Total Sales & Principal Collections	Discount from Book Value	Total Book Value Reduction
Securities	\$48	\$312	\$360	\$26	\$385
1-4 Family Mortgages	65	14	79	23	102
Other Mortgages	88	7	94	196	290
Other Loans	75	6	81	35	116
REO	35	0	35	69	104
Other Assets	30	227	257	188	445
<b>TOTAL</b>	<b>\$341</b>	<b>\$565</b>	<b>\$906</b>	<b>\$537</b>	<b>\$1,443</b>

### 1995 Year to Date

	Sales Proceeds	Principal Collections	Total Sales & Principal Collections	Discount from Book Value	Total Book Value Reduction
Securities	\$1,213	\$1,621	\$2,834	\$65	\$2,899
1-4 Family Mortgages	2,995	329	3,324	461	3,784
Other Mortgages	1,578	589	2,167	2,364	4,531
Other Loans	387	210	598	578	1,175
REO	586	0	586	595	1,180
Other Assets	348	1,195	1,543	2,135	3,678
<b>TOTAL</b>	<b>\$7,107</b>	<b>\$3,944</b>	<b>\$11,051</b>	<b>\$6,197</b>	<b>\$17,248</b>

**Notes:**

Data for inception through November 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.

from other mortgages, \$31 billion from non-mortgage loans, \$17 billion from real estate, and \$24 billion from other assets.

In terms of book value, November sales and collections were \$1.4 billion. The average recovery rate on the collection of these assets was 63%. During the month, the RTC recovered 93% from securities, 77% from 1-4 family mortgages, 32% from other mortgages, 70% from non-mortgage loans, 33% from real estate, and 58% from other assets.

From the inception of the RTC through November, book value asset reductions were \$456 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 \$0.1 billion in receivership income in November. From its inception to November 30, 1995, the RTC has collected \$21.3 billion in receivership income.

### **SOURCES AND USES OF FUNDS**

From its inception through November 30, 1995, the RTC obtained \$103 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 \$125 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 Improve-

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

#### **SOURCES:**

Initial Treasury Appropriations	\$ 18.8
FHLB Contribution	1.2
REFCORP Borrowings	30.1
Additional Appropriations	41.2
FFB Borrowings	<u>11.5</u>
Total External Sources	102.9
Recoveries from Receiverships	125.4
<b>TOTAL SOURCES</b>	<b><u>\$228.3</u></b>

#### **USES:**

Resolutions and Receivership Funding	\$ 217.7
FFB Interest	10.1
Other Disbursements (Net)*	-1.1
<b>TOTAL USES</b>	<b><u>226.7</u></b>
<b>NET CASH AVAILABLE</b>	<b><u>\$ 1.6</u></b>

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

ment 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 November 30, 1995, \$4.6 billion of the \$18.3 billion had been released by the Thrift Depositor Protection Oversight Board.

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 November 30 required outlays of \$217.7 billion from the RTC. Interest on FFB borrowings was \$10.1 billion. This left \$1.6 billion in cash on hand on November 30.

#### **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 November 30, 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
<b>Assets at Takeover.....</b>	<b>\$111.2</b>	<b>\$115.3</b>	<b>\$81.7</b>	<b>\$30.5</b>	<b>\$31.1</b>	<b>\$11.3</b>	<b>\$21.4</b>	<b>\$402.4</b>
<b><u>Reductions During Conservatorship</u></b>								
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)
<b><u>Resolution &amp; Receivership Reductions</u></b>								
Assets Passed (Net of Putbacks).....	25.5	15.5	5.5	3.6	0.1	0.4	0.1	50.9
Principal Collections.....	19.5	44.7	32.0	10.1	9.5	7.9	8.7	132.4
Other Changes (Net) /4.....	0.5	6.4	17.3	4.6	9.6	0.4	8.5	47.2
<b>Total Assets as of November 30, 1995.....</b>	<b>\$1.4</b>	<b>\$0.9</b>	<b>\$2.4</b>	<b>\$0.9</b>	<b>\$0.9</b>	<b>\$2.8</b>	<b>\$0.7</b>	<b>\$10.0</b>

/1 Excludes \$12.3 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.