



PRESS RELEASE

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FDIC Selects Cache Valley Bank as Winning Bidder for Equity Interest in \$279 Million in Residential Acquisition and Development Loans

The Federal Deposit Insurance Corporation (FDIC) has closed on a sale of a 40 percent equity interest in a newly-formed limited liability company (LLC) created to hold assets with an unpaid principal balance of approximately \$279 million from nine failed bank receiverships. The winning bidder of the Western Residential Acquisition and Development pool of the 2010-2 Multibank Structured Transaction is Cache Valley Bank, Logan, Utah, (Cache Valley) with a purchase price of approximately 22.22 percent of the unpaid principal balance.

As an equity participant, the FDIC will retain a 60 percent stake in the LLC and share in the returns on the assets. The FDIC offered 1:1 leverage financing to the LLC, which will issue to the FDIC a Purchase Money Note in the original principal amount of \$30.6 million. The sale was conducted on a competitive basis with the FDIC receiving bids for either a 40 percent ownership interest or a 20 percent ownership interest in the LLC.

The FDIC as receiver for the failed banks will convey to the LLC a portfolio of approximately 761 distressed residential acquisition and development loans, of which more than 50 percent are delinquent. Collectively, the loans have an unpaid principal balance of approximately \$279 million. Eighty-one percent of the collateral in the portfolio is located in Utah, Arizona, California, and Nevada. As the LLC's managing equity owner, Cache Valley will manage, service, and ultimately dispose of the LLC's assets.

The bid received from Cache Valley was determined to be the offer that resulted in the greatest net return to the participating receiverships. All of the loans were from banks that failed during the past 14 months.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). **PR-277-2010**