

SSGN 2010-L2 Transaction Summary

The FDIC sold \$653 million in notes backed by performing and non-performing residential loans and REO assets. These notes, which were restructured for the current transaction, were originally issued to the FDIC by an LLC created in September 2009 to facilitate the sale of a 50% equity interest in the loans and REO to RCS Franklin Venture, with the FDIC retaining the remaining 50% equity interest. This transaction represented the pilot sale of receivership assets to test the funding mechanism of the Legacy Loans Program. The loans and REO contributed to the LLC were previously held by the FDIC as receiver for Franklin Bank. The notes issued by the LLC benefit from a full and unconditional FDIC Guaranty backed by the full faith and credit of the United States of America.

Pricing Details

- The transaction features two classes of interest bearing notes backed by a pool of performing and non-performing residential loans and REO assets.
 - The Class A notes, which were sold to investors, pay monthly a fixed rate coupon of 3.00% annually and were priced at a slight discount to yield 3.032%
 - The Class A-IO notes, which were retained by the FDIC as receiver, are interest only notes and pay monthly a fixed rate coupon of 1.25% annually on the Class A notional balance
- Pricing Date: March 24, 2010
- Closing Date: March 26, 2010
- Financial Advisor to FDIC / Restructuring Agent / Sole Bookrunner: Barclays Capital Inc.
- Selling Group Member: Williams Capital Group, L.P.

Note Structure

- Through this transaction the FDIC has sold a substantial portion of notes originally issued by the LLC, though the FDIC still owns a 50% equity interest in the LLC as well as 100% interest in the Class A-IO interest-only notes
- The Class A notes will amortize based on the timing and amount of cashflows from the underlying assets.
- The Class A-IO notes, which are equal in priority to the Class A notes, are retained by the FDIC and have a notional balance which references the principal balance of the Class A notes
- Depending in part on the satisfaction of certain performance conditions, the equity holders (FDIC and RCS Franklin Venture) may receive distributions on their equity interests
- The notes represent 6:1 leverage at the time of the LLC creation in September 2009, and will benefit from credit enhancement provided by the cashflow structure, overcollateralization, and the FDIC Guaranty

- The Class A notes and Class A-IO notes have a maturity date of September 30, 2019, though they may be retired earlier if the assets produce sufficient cashflow

FDIC Guaranty

- The FDIC, in its corporate capacity, will fully and unconditionally guarantee the timely payment of interest and principal due and payable on the notes, and interest due on the interest-only notes.
- The Guaranty is backed by the full faith and credit of the United States of America.

Structured Sale of Franklin Bank Receivership Assets

- Information regarding the September 2009 creation of the LLC, the structured sale of Franklin Bank assets held by the FDIC as receiver, and the issuance of the original notes can be found at the following link to the FDIC website:
<http://www.fdic.gov/news/news/press/2009/pr09172.html>

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