PRESS RELEASE

Federal Deposit Insurance Corporation ● Each Depositor insured to at least $250,000

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FDIC Closes on Pilot Securitization of Performing Commercial Mortgage Loans from 13 Failed Institutions

The Federal Deposit Insurance Corporation (FDIC) today closed on a sale of securities as part of a securitization backed by approximately $394.3 million of performing commercial and multi-family mortgages from 13 failed banks. The investors for the Class A senior certificates represented a wide variety of organizations, including banks, insurance companies and money managers, which paid par for the senior certificates. The Class B mezzanine and Class C subordinate classes were purchased by an affiliate of LNR Partners, LLC. This pilot transaction marks the first time the FDIC has sold commercial mortgage loans in a securitization since the beginning of the recent financial crisis.

The pilot transaction consisted of three classes of securities. Senior certificates of $315.4 million represented 80 percent of the capital structure and will be guaranteed by the FDIC in its corporate capacity. These senior certificates sold at a fixed-rate coupon of 1.84 percent and are expected to have an average life of 2.6 years. Approximately $39.4 million of mezzanine certificates represented 10 percent of the capital structure. These certificates sold at a fixed-rate coupon of 5.00 percent and are expected to have an average life of 6.5 years. The subordinate class also totaled $39.4 million and represented the most junior 10 percent of the capital structure. These certificates sold at a fixed-rate coupon of 5.00 percent and are expected to have an average life of 7.1 years. The mezzanine and subordinate certificates are not guaranteed by the FDIC.

The pilot program is consistent with the FDIC's Securitization Safe Harbor Rule, except for certain limited differences necessitated by the origin of the collateral and the absence of information available from the failed banks. As outlined in the proposed rule, the deal incorporates transaction-governance procedures that align compensation of the master and special servicer with resolving problem loans and minimizing losses to the trust. The transaction also provides for enhanced oversight of overall performance through an independent third-party trust advisor, BlackRock Financial Management, Inc., as well as extensive reporting and disclosure provisions.

The FDIC uses several strategies to sell assets from failed banks. Securitization is one of the ways in which the FDIC intends to maximize the value of these assets for the benefit of creditors of the failed banks. This transaction will provide just over $353.2 million in gross proceeds to the Deposit Insurance Fund.

The certificates were not registered with the Securities and Exchange Commission and were offered and sold to "qualified institutional buyers" in reliance on the exemption from registration available under Section 4(2) of the Securities Act of 1933, as amended, and Rule 144A.

The lead underwriter and bookrunner was Wells Fargo Securities. Two co-underwriters were also used. They were Barclays Capital Inc. and CastleOak Securities, L.P., a minority-owned firm. Kaye Scholer acted as the FDIC's counsel.