1991

Annual Report of the Resolution Trust Corporation – 1989

United States: Government Accountability Office (GAO)

ANNUAL REPORT

Resolution Trust Corporation

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1989 ANNUAL REPORT

Resolution Trust Corporation

Resolution Trust Corporation
Washington, D.C.
May 15, 1991

SIRS: In accordance with the provisions of section 501 of the Financial Institutions Reform, Recovery, and Enforcement Act, the Resolution Trust Corporation is pleased to submit its Annual Report for 1989. The report was substantially complete last June; however, the General Accounting Office audit of our financial statements, which is required by law, has just recently been completed. Financial operating plans and forecasts are being provided separately.

Very truly yours,

L. Wm Seidman

L. William Seidman
Chairman

The President of the U.S. Senate

The Speaker of the U.S. House of Representatives

BOARD OF DIRECTORS

RTC Board of Directors: Comptroller of the Currency Robert L. Clarke, Chairman L. William Seidman, Director C. C. Hope, Jr., and Director of the Office of Thrift Supervision M. Danny Wall.

L. William Seidman

L. William Seidman was elected Chairman of the Federal Deposit Insurance Corporation on October 21, 1985. Prior to his appointment to the FDIC, Mr. Seidman pursued an extensive career in the financial arena in both the private and public sectors. He was Dean of the College of Business of Arizona State University and a director of several organizations including the Phelps Dodge Corporation, Prudential-Bache Funds, United Bancorp of Arizona, and The Conference Board. He has served as Co-chair of the White House Conference on Productivity, Vice Chairman of the Phelps Dodge Corporation, Assistant to President Gerald Ford for Economic Affairs, and Managing Partner of Seidman & Seidman, Certified Public Accountants, New York. He also was Chairman and a Director of the Federal Reserve Bank of Chicago, Detroit Branch. Mr. Seidman received an A.B. degree from Dartmouth College and earned an LL.B. from Harvard Law School. He also holds an M.B.A. from the University of Michigan. He is a member of the American Bar Association, the American Institute of Certified Public Accountants, and several academic honorary fraternities including Phi Beta Kappa. He is the author of two books and numerous articles on business and tax subjects.

C. C. Hope, Jr.

C.C. Hope, Jr., was named to the Board of Directors of the Federal Deposit Insurance Corporation on March 10, 1986, confirmed by the Senate on March 27 and commissioned by President Ronald Reagan on April 7, 1986. Before his appointment to the FDIC, Mr. Hope spent 38 years at First Union National Bank of North Carolina in Charlotte, where he retired as Vice Chairman in 1985. Mr. Hope is a former President of the American Bankers Association and has served as Secretary of the North Carolina Department of Commerce. In the field of education, Mr. Hope is a trustee and former Chairman of the Board of Wake Forest University and has been Dean of the Southwestern Graduate School of Banking at Southern Methodist University. He holds a B.A. in Business Administration from Wake Forest University and has completed graduate work at the Harvard Business School and The Stonier Graduate School of Banking at Rutgers University.

Robert L. Clarke

Robert L. Clarke became the 26th Comptroller of the Currency on December 2, 1985, and simultaneously became a member of the FDIC's Board of Directors. Before his appointment, Mr. Clarke founded and headed the banking section at the Houston, Texas, law firm of Bracewell & Patterson. He joined that firm after completing his military service in 1968. The banking section prepared corporate applications and securities registrations, counseled management in expansion opportunities and the effects of deregulatory initiatives, and represented institutions in enforcement matters. Mr. Clarke holds a B.A. in Economics from Rice University and an LL.B. from Harvard Law School. He is a member of the bars of Texas and New Mexico. He has served as a director for two state banks and has been active in a number of civic, political, and professional organizations.

M. Danny Wall

M. Danny Wall became Director of the Office of Thrift Supervision (OTS) on August 9, 1989, upon its creation under the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA). He had been Chairman of the OTS's predecessor, the Federal Home Loan Bank Board, since July 1, 1987. Before his appointment, Mr. Wall served on the staff of the Senate Banking Committee as Republican Staff Director from January to June 1987, Staff Director from 1981 to 1987, and Republican Staff Director from 1979 to 1981. He was Director of Legislation for Senator Jake Garn of Utah from 1975 to 1981. Before coming to Washington, Mr. Wall organized the Salt Lake City Redevelopment Agency and served as its Executive Director from 1971 to 1975. He also was Executive Director of the North Dakota Urban Renewal Agency from 1964 to 1971. Mr. Wall has a Bachelor of Architecture Degree from North Dakota State University, and he has taken graduate courses in planning and public administration at the University of Minnesota and the University of Utah.

INTRODUCTION

On February 6, 1989, as part of President Bush's restructuring plan for the savings and loan industry, the Federal Deposit Insurance Corporation (FDIC) was asked to lead a joint effort to evaluate and oversee the operations of insolvent savings and loan associations. In addition to the FDIC and the Federal Savings and Loan Insurance Corporation (FSLIC), the Federal Home Loan Bank Board, the Federal Reserve Board, and the Office of the Comptroller of the Currency participated in this interagency initiative. The objective was to contain, where possible, the losses in insolvent thrifts and preserve services to depositors until a comprehensive reform of the savings associations' regulatory and deposit insurance system was authorized by Congress. This large-scale and immediate effort required a significant commitment of personnel from these organizations.

During the next seven months, the FDIC took control of 262 institutions, each of which was placed in conservatorship or receivership. The FDIC's goals with respect to these institutions were to preserve basic services to customers; evaluate the losses at each institution; identify and stop any abuse, waste, or fraud that might exist; and streamline costs through consolidations and more efficient operations.

On August 9, 1989, the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) was passed and the Resolution Trust Corporation (RTC) was established. Its job is to manage and "resolve" failed savings associations that were insured by the FSLIC before the enactment of FIRREA and for which a conservator or receiver is appointed between January 1, 1989, and August 9, 1992. In doing so, the Congress directed the RTC to maximize the net present value return from the sale or other disposition of savings institutions and their assets; minimize the impact of such transactions on local real estate and financial markets; minimize the amount of any loss realized in the resolution of these insolvencies; and maximize the availability and affordability of residential real property for low- and moderate-income individuals.

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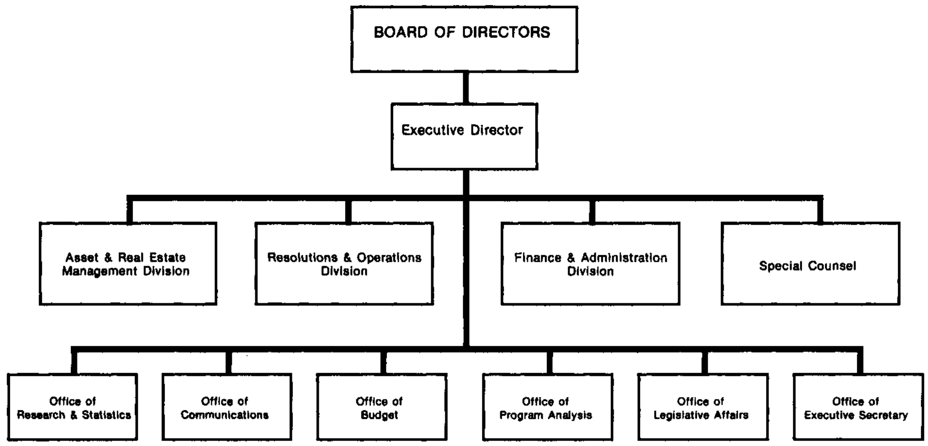
"Its job is to manage and 'resolve' failed savings associations"

The legislation also charged the RTC with reviewing and, if appropriate, revising the case resolutions completed by the FSLIC during 1988 and 1989, and dissolving the Federal Asset Disposition Association (FADA).

The Board of Directors of the FDIC also serves as the Board of Directors of the RTC. The Chairman is L. William Seidman. The RTC Board in 1989 included C.C. Hope, Jr., Comptroller of the Currency Robert L. Clarke, and Director of the Office of Thrift Supervision M. Danny Wall. The fifth seat authorized by FIRREA for an appointed director was not filled. The FDIC serves as manager for the RTC. The day-to-day operations of the RTC are supervised by an Executive Director, David C. Cooke.

RESOLUTION TRUST CORPORATION



The Resolution Trust Corporation Oversight Board was also established under FIRREA to oversee and set policy for the RTC. The Oversight Board has five members: the Secretary of Treasury who serves as chairman, the Secretary of Housing and Urban Development, the Chairman of the Federal Reserve Board, and two independent members appointed by the President and confirmed by the Senate. These appointed seats were not filled in 1989. □

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CHAIRMAN'S STATEMENT

L. William Seidman

Although the Resolution Trust Corporation (RTC) has accomplished much in its first few months of operations, its job is just beginning. The task facing the RTC is monumental — indeed, it is unprecedented in the history of the country.

The RTC is now the largest depository institution in the United States. We currently have 312 "branches" and assets of approximately $169 billion in 39 states, and more than 13 million depositors. But, unlike other large depository institutions with homogeneous branches, we are the caretaker of a disparate group of institutions in various states of disarray. And, we are not in business to make money. We are here to save money — the taxpayers' money. Our "branches" are troubled institutions that have been turned over to us to be salvaged. Our objective is to service these institutions until they can be sold to the private sector.

During the RTC's first few months we have established a new nationwide sales organization with four regional and 14 consolidated field offices. Along with the RTC Oversight Board, we developed a strategic plan, formulated policies, and put internal controls in place. As required by Congress, we filled posts and assimilated employees from the former Federal Savings and Loan Insurance Corporation and the Federal Asset Disposition Association.

The biggest challenge now facing the RTC is the management of billions of dollars of assets left behind as insolvent thrifts are sold or closed. Our goal is to maximize the net present value to the RTC while minimizing the effect of these transactions on local real estate and financial markets. Unfortunately, less than half of institutional assets are purchased by acquirers of thrifts. This means the RTC is left with the difficult and unpopular task of asset management and sales. We can dispose of liquid assets quickly, but distressed assets such as delinquent commercial loans and foreclosed real estate are difficult to sell, even in strong markets. Due to depressed conditions in the areas where our supply is abundant, even good assets such as performing commercial loans represent a formidable challenge.

The RTC board recently adopted policies providing more flexibility in asset disposition. We can now lower the sales price of our real estate if no reasonable offers are received during an appropriate marketing period. We are also broadening our use of auctions to bring together potential investors. And, we are exploring the possibility of providing interim seller financing.

In managing and disposing of assets, we must assure low- and moderate-income individuals and nonprofit organizations the opportunity to purchase eligible single- and multifamily housing. In addition, we are committed to using the private sector as much as possible. Asset management firms, property management firms, leasing companies, and brokerage services are needed; and through our Minority and Women Outreach Program we provide opportunities for minority and women-owned firms to contract with the RTC.

As we entered 1990, we increased the pace of resolutions. We have done this by listening to the market, and expediting resolutions through deposit transfers or through payoffs where there is no buyer interest. We plan to resolve more than 150 institutions by the end of June, and anticipate total resolutions by August will be about 200.

We are beginning a new accelerated resolution program, similar to the FDIC's program, designed to facilitate the early sale of insolvent institutions. The RTC will market troubled institutions before they are put in conservatorship, thereby preserving their franchise value.

Finally, we are pursuing legal actions related to the thrift failures. Our objective is to recover stolen money for the taxpayers and to assist in prosecuting those who operated outside the law. Of course, the recoveries will fall short of what the taxpayers must pay for the failure to supervise this industry effectively. The RTC will spend billions of dollars to make good on the promise of insurance protection made to depositors of savings and loans.

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"We are here to save money — the taxpayers' money."

Based on information made available to us by the Office of Thrift Supervision, we expect that approximately 300 additional thrifts may be placed in the RTC conservatorship program over the next few years, bringing the total since inception to over 700. The aggregate book value of the assets of all these institutions is approximately $400 billion. In addition, OTS has identified another 315 institutions with about $150 billion in assets as being troubled by poor earnings and low capital. Some of these institutions may be turned over to the RTC. The final number of thrifts placed in conservatorship depends on several factors, including general economic conditions during the next few years, the ability of borderline thrifts to raise necessary capital, and the ability of management to cope with changes in the marketplace.

The challenge is significant and the approaches needed to respond will have to be innovative. The RTC, while still in its infancy, has put the framework in place to respond to this unprecedented undertaking. □

June 1, 1990

EXECUTIVE DIRECTOR'S STATEMENT

With the legislation as a guide, the assistance of the Federal Deposit Insurance Corporation, and the policy direction provided by the Oversight Board, the Resolution Trust Corporation has started its job of resolving failed savings associations and marketing their assets. It is a difficult task and one that will not be completed quickly or easily.

Upon enactment of FIRREA, the RTC focused its efforts on building a decentralized organization. Four regional offices and 14 consolidated field offices were established as operations centers. The regional offices oversee all resolution and asset and contracting operations. The consolidated field offices function as service centers for the RTC's asset and real estate management activities and will support the majority of our employees. This decentralized organization allows us to be in touch with and accessible to the local markets where our assets exist.

David C. Cooke

Our staff of approximately 2,000 includes more than 600 managing agents and their staffs in conservatorships. Because the RTC's existence is limited, we have tried to hire temporary professional and support staff whenever possible. Approximately 60 percent of our field staff are temporary employees hired under appointments of one to three years.

Through our conservatorship program, we manage and operate 312 institutions. Our objectives for these institutions are to establish control and oversight while promoting customer confidence; to evaluate the condition of the institution and determine the most cost effective method of resolution; and to operate the institution in a safe and sound manner pending resolution. Shrinking these institutions by curtailing new lending activity and selling their assets is a high priority and our managing agents have been successful in this area.

A managing agent and one or more credit specialists oversee each conservatorship's operations. The managing agent's role is to ensure that the institution's management adheres to RTC policies and procedures. Credit specialists assist the managing agent in managing and disposing of assets, a process that begins immediately upon conservatorship. In addition, we advance funds to conservatorships as part of our high cost funds replacement program and also provide emergency liquidity loans to conservatorships that are unable to meet their daily liquidity needs.

In 1989, the RTC resolved 37 associations in a variety of ways, including deposit transfers, deposit payoffs, and purchase and assumption transactions. We have structured our resolutions to include as many bidders as possible, thus maximizing competition and participation (which in turn should minimize costs). We expect to resolve more than 150 institutions by June 30 of this year and a substantial portion of the rest by the end of 1990.

The RTC's case resolution options are geared toward maximizing competition and minimizing costs. We advertise and announce the institutions for sale and contact interested bidders. A menu of options is offered, ranging from potential whole thrift acquisitions to branch-by-branch purchases. This approach was developed in response to the demands of the marketplace. We plan to begin marketing institutions before they are placed in conservatorship, an approach used successfully by the FDIC. We anticipate that seeking buyers for troubled thrifts before they are closed will result in less costly transactions and less community disruption than we have experienced.

In addition to initiating the resolution of S&L conservatorships, the RTC began marketing assets during 1989. Asset marketing can occur in three phases. First, assets are sold while a thrift is in conservatorship as part of our downsizing program; second, assets are sold as part of the resolution transaction; and, third, assets not acquired as part of the resolution process are sold through RTC receiverships.

The quality and composition of assets determine the difficulty the RTC will have disposing of them. Liquid assets such as securities and mortgage-backed securities are reviewed for marketability as soon as an institution is placed into conservatorship. Although we actively market commercial loans, real estate, and other owned assets to acquiring institutions as part of a resolution, bidders have focused their efforts primarily on the acquisition of deposits. For assets retained after resolution, other disposition methods such as auctions, bulk sales, and conventional property sales are being used. Securitization and bulk sales of assets will be important tools in the sale of financial assets.

In January the RTC published an inventory of 30,000 real estate assets held as of September 30, 1989. The assets the RTC has available for sale range from raw land, to commercial properties, to one- to four-family properties, to shopping centers — that is, just about any type of property that a financial institution lends on or takes as security.

"We expect to resolve more than 150 institutions by June 30"

As part of our asset management and disposition program, the RTC has established an affordable housing inventory to identify home ownership and rental housing opportunities for low- and moderate-income households. The affordable housing initiative gives qualified individuals, families, nonprofit organizations, and public agencies an exclusive right to purchase, or for multifamily properties, the exclusive right, for a 90-day period, to express serious interest in purchasing eligible residential properties.

The RTC also has created an outreach program for minority and women contractors. These firms will be allowed a price advantage of up to 3 percent for competitively bid services, subject to a ceiling of $2 million each year and a ceiling of $6 million for the program.

As we move into the second half of 1990, we will be directing our efforts on sales and service. Ours is an exceptionally difficult and complicated task; we had to position ourselves to address it appropriately. We spent several months establishing the organization, developing policies, and assessing and managing our inventory. We are now focusing on moving that inventory.

Finally, as directed in the legislation, we have, with the exception of a final distribution of funds, liquidated the Federal Asset Disposition Association (FADA). Only the resolution of outstanding litigation claims remains before final distribution can be made to the FSLIC Resolution Fund as the sole shareholder of FADA. The RTC was also directed to review and, if the costs can be reduced, restructure the case resolutions entered into by the FSLIC between January 1, 1988, and August 9, 1989. This review will cover 96 agreements providing for the acquisition of 199 savings associations with $110 billion in assets. We solicited bids from the private sector to perform these reviews and are now in the process of awarding the contracts. □

June 1, 1990

OPERATIONS

ASSET AND REAL ESTATE MANAGEMENT DIVISION

The Asset and Real Estate Management Division is responsible for managing and disposing of billions of dollars of assets acquired through the resolution of failed thrifts. To accomplish this task, the division focuses on disposing of assets quickly and efficiently. The Asset Disposition, Contract Management and Asset Operations, and Asset Marketing branches all play important roles in attaining the division's objectives. The division also has operations in the regional and consolidated field offices. The bulk of the RTC's employees will be in the field offices to administer the asset and real estate management functions.

By yearend, the division had filled 50 of its 78 Washington positions, or 64 percent. Seventy-two percent of the senior-level management positions had been filled.

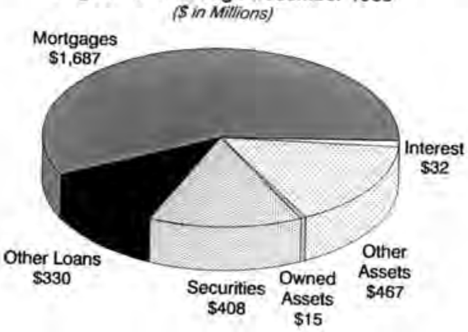
Asset Disposition Branch

The Asset Disposition Branch (ADB) is responsible for disposing of real estate and other assets in a way that maximizes the net present value to the RTC while minimizing the effect on local real estate and financial markets. This task is unprecedented in both magnitude and complexity and is complicated by the RTC's responsibility to ensure low- and moderate-income individuals and nonprofit organizations have the opportunity to purchase eligible single- and multifamily housing.

The branch has developed an Asset Management and Disposition Plan that outlines its goals and objectives. The ADB has also established and implemented procedures for:

- notifying rejected bidders within 30 days of a decision,
- appraisal instructions and standards,
- a telemarketing system for real estate owned, and
- contracting asset servicing.

RESOLUTIONS AND RECEIVERSHIPS SALES AND COLLECTIONS
August 1989 through December 1989
($ in Millions)



This branch is responsible for hearing credit cases relating to asset disposition. It has delegated authority for asset matters to the Washington, regional, consolidated, and field staffs. Generally, asset decisions are presented in a case format and are reviewed by an asset committee. The three Washington committees responsible for hearing these cases, depending on the request or amount, are the RTC Committee on Management and Disposition of Assets, the Senior Committee on Management and Disposition of Assets, and the Board of Directors. Generally, consolidated field offices have delegated authority for asset decisions up to $10 million and regional directors have delegated authority up to $25 million. Cases involving assets of $25 million or more are referred to Washington for review. In this area, ADB has:

- established Senior Credit Review Committees in the regional offices. The committees review all cases that have been approved at the field or consolidated site before they are forwarded to the Washington office for review and approval.
- developed the Case Processing System that establishes procedures for submitting cases for approval by the RTC Committee on Management and Disposition of Assets.
- developed the Case Reporting System through which field, consolidated, and regional offices report all credit cases approved under the respective site's delegated authority.

- implemented the Case Monitoring System that tracks all credit cases forwarded to the Washington office for approval.

The ADB is also developing an Estimated Cash Recovery System to show projected recovery from assets compared to actual recovery. This report will identify deficient areas in the disposition of assets and measure the performance of the responsible account officers.

Affordable Housing Program

The Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) requires the RTC to identify real estate assets suitable for low- to moderate-income housing and offer nonprofit housing organizations an exclusive 90-day option to purchase these properties. These organizations include consumer and public interest groups, nonprofit housing organizations, and state and local housing agencies. Some of these organizations will also act as clearinghouses to disseminate information about properties available for sale by the RTC.

The RTC has worked closely with the National Governors Association to select housing finance agencies that will serve as clearinghouses. The governors' help is also needed to identify other housing agencies to support our efforts to ensure that qualified purchasers benefit from the sale of affordable housing properties. Governors and state housing finance agencies all received copies of the listing of affordable housing properties produced as part of the RTC's asset inventory. State housing agencies were sent another volume listing all residential properties. The full listing gives clearinghouses advance notice of all properties currently owned that could fall within the scope of the program. At yearend 1989, State housing finance authorities had not purchased any properties from the RTC.

"The Division is responsible for managing and disposing of billions of dollars of assets"

The RTC has consulted with the Department of Housing and Urban Development (HUD), other federal agencies, and secondary market groups to begin to identify and arrange for financing of eligible property sales. RTC staff has met with the Federal Housing Finance Board, both in Washington and in the regions, to solicit its cooperation in providing financing from its affordable housing and community investment funds. The RTC has also established contacts with national nonprofit organizations that will also serve as clearinghouses and technical assistance advisers.

Real Estate Asset Inventory

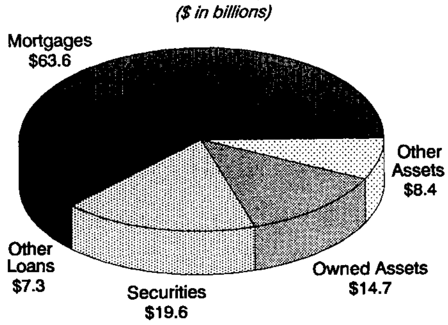
The Asset Disposition Branch compiled and published an inventory of real estate assets owned by the RTC. The Real Estate Asset Inventory, published December 31, 1989, lists approximately 30,000 real property assets including commercial and residential properties and land. At yearend, the division had received approximately 25,000 letters requesting a copy of the inventory. During the first five months of 1990, 191,869 volumes of the inventory were sold.

Contract Management and Asset Operations Branch

The Contract Management Section of the branch is responsible for developing and implementing a program to involve the private sector in the management and disposition of RTC assets whenever practicable and efficient. In support of this program, the Contract Management Section led the development of contractor fitness and integrity regulations and an outreach program for businesses owned by women and minorities.

As part of the overall contracting program, the section directed the development of the Asset Assignment Policy that determines which RTC assets should be managed by contractors rather than by the RTC; the Contractor Selection and Engagement Policy that establishes procedures for awarding contracts; and RTC's Asset Management Fee Incentives Policy that proposes several innovative compensation plans to motivate and reward contractors for achieving various goals and objectives in disposing of RTC assets.

CONSERVATORSHIP, RECEIVERSHIP ASSETS UNDER RTC MANAGEMENT
December 31, 1989
($ in billions)



Conservatorships (281)
Receiverships (37)

The section is also responsible for developing and administering the Contractor Database System and the Contractor Registration Program, both of which will be important tools in screening and engaging contractors. At yearend, the RTC had received approximately 10,000 requests from contractors interested in providing services to the RTC.

As the Asset and Real Estate Management Division's chief representative on the Ethics Task Force, the section was instrumental in preparing an ethics regulation that ensures only qualified firms perform services for the RTC but at the same time provides opportunities for the private sector.

The section is also responsible for ensuring that firms owned by minorities and women are given the opportunity to participate fully in all contracting activities the Corporation enters into for the goods and services required to manage and dispose of assets acquired from failed savings associations. At yearend 1989, no minority or women-owned firms had registered as contractors with the RTC. Contractor registration began January 1, 1990.

The Asset Operations Section plans and reports on the results of asset disposition. It is responsible for developing, implementing, monitoring, and managing uniform, cost-efficient asset management information systems that provide comprehensive and concise financial and management analysis. The section's first priority is to implement the Asset Operations Strategic Plan. Specifically, the section develops, implements, and manages:

- asset system conversion strategies;
- asset servicing strategies (pre- and post-conversion); and
- financial reporting requirements.

Asset Operations establishes minimum standards and guidelines for asset system conversions, asset servicing, system security, and related resource management. This section also provides technical support in resolving issues arising from field operations.

Asset Marketing Branch

The Asset Marketing Branch is responsible for marketing the large inventory of real properties, bulk loans, and other assets under the RTC's control, and for guiding and assisting the regional offices in their marketing activities.

The branch's main goal is to provide market access to the RTC's initial inventory of approximately 30,000 properties nationwide.

The branch has established a comprehensive investor database for buyers of residential and commercial properties, mortgages, and other assets. This database, which is continuously updated, is intended for the regional offices to use in marketing both conservatorship and receivership assets.

As directed by FIRREA, the Asset and Real Estate Management Division compiled an inventory of real property assets that were under the RTC's jurisdiction on September 30, 1989. More than 45,000 copies of the four-volume set were printed and distributed to Congress, executive agencies, federal depository libraries, RTC offices, conservatorship institutions, and the public. Each four-volume set was priced to offset the cost of printing and shipping. The inventory of record will be updated semiannually, but monthly updates will be part of a computer-based inventory access system to be introduced in 1990.

The RTC contracted with a national telemarketing/direct marketing company to manage the many inquiries anticipated after the RTC's asset inventory was published and to provide access to the portfolio information. After conducting a competitive bidding process, the contract was awarded to AA/DMC of Dallas, Texas. The services provided under the contract will include toll-free telephone access and distribution of the inventory. □

STATES WITH MOST ASSETS IN CONSERVATORSHIPS, December 31, 1989
(in millions of dollars)

State	Total Assets in Conservatorship
Texas	$ 24,723
California	14,471
New Jersey	10,992
Arizona	8,560
Kansas	4,208
Illinois	3,510
Florida	3,368
Louisiana	3,289
Arkansas	2,600
Oklahoma	2,533

Note: Data based on 9/30/89 Thrift Financial Reports.

STATES WITH LARGEST NUMBER OF CONSERVATORSHIPS, December 31, 1989

State	No. of Institutions
Texas	82
Louisiana	26
Illinois	21
California	19
Kansas	14
Colorado	13
Florida	11
Arkansas	10
Oklahoma	8

Note: Mississippi, Missouri, and New Mexico tie for tenth with 6 conservatorships in each state.

RESOLUTIONS AND OPERATIONS DIVISION

The Resolutions and Operations Division is responsible for operating insolvent savings associations in the RTC's conservatorship program and implementing resolutions for those troubled institutions.

On August 9, 1989, the day the Financial Institutions Reform, Recovery, and Enforcement Act was enacted, the division assumed control of 262 insolvent savings associations that had been under FSLIC and FDIC conservatorship.

Over the next four and one-half months, 56 additional associations were placed in the RTC's conservatorship program. During the same period, the division sold or otherwise resolved 37 institutions.

This immediate and significant responsibility required the division to quickly develop the infrastructure necessary for the difficult tasks ahead. Hundreds of policies and procedures were created. Staff and administrative facilities expanded rapidly as the new organization took shape.

The division has two groups in Washington, Operations and Resolutions, and extensive operations in each of the RTC's four regional offices in Atlanta, Kansas City, Dallas, and Denver. The division's primary goal is to resolve the insolvent savings associations at the least cost to the public.

OPERATIONS GROUP

The Operations Group has two major functions: managing the RTC's conservatorship program, and pursuing civil and criminal investigations of insider abuse, malpractice, and fraud. The group is headed by the Deputy Director for Operations.

Conservatorship Operations Branch

The Conservatorship Operations Branch (Operations) must ensure that institutions in conservatorship are managed to minimize the costs and risks to the RTC. To achieve this goal, Operations develops policies and procedures to guide RTC's regional offices and managing agents.

Operations also directs and monitors compliance with guidelines established by the RTC Oversight Board, disseminates data related to its operations, develops programs to manage the assets held by conservatorships nationwide, and ensures that closings of insolvent institutions, insurance settlements, and claims activities are executed efficiently.

Operations is organized in five sections. The Review Section monitors each institution in conservatorship. The Financial Section oversees and coordinates policy issues relating to the nationwide conservatorship program. The Insurance Settlement Section and the Closing Operations Section support regional efforts related to the closing of insolvent institutions and subsequent payment of claims. The Support Section provides administrative and systems support to the conservatorship program.

A managing agent working for the RTC oversees each conservatorship institution, ensuring that its management follows RTC policies and procedures. The agent also assesses the financial condition of the institution.

RTC managing agents must develop a business plan for an institution in conservatorship within 60 days. To the extent possible, funding costs are reduced by replacing high-cost funds with RTC advances, and by curbing new lending and selling assets to shrink the institution's size.

Managing agents are also charged with eliminating any abusive or speculative practices, and investigating any evidence of fraud. When necessary, new management is hired to ensure conservative operation and preclude insider abuse.

Operations made substantial progress in its first months. It created a pilot program for securitizing and selling performing loan portfolios from conservatorship institutions. The division, working with the Finance and Administration Division, expects to develop this into a nationwide program.

One of Operations' more significant projects was developing a process to value and dispose of mortgage servicing rights held by conservatorship institutions. By yearend, over $11 billion (principal balance) of mortgage servicing rights had been approved for disposition.

To help evaluate progress in downsizing institutions, the branch developed a weekly asset disposition reporting system, which tracks the sale of assets from conservatorships and the use of the proceeds.

A new automated system was designed to identify potentially uninsured funds in conservatorship institutions. This system improves the RTC's ability to conduct large insurance settlements, and it will assist managing agents in identifying and handling uninsured funds.

Operations initiated a study of conservatorship institutions' involvement in low- and moderate-income housing projects funded by tax-exempt municipal bonds. Detailed information was obtained on more than 290 issues in 48 associations, with supporting bonds totalling more than $1.5 billion.

Several key policies and procedures were issued in 1989, including procedures for pass-through receiverships and subsequent conservatorships and a draft policy for the payment of creditor claims. These directives are intended to ensure proper application of FIRREA rules and promote consistency among the RTC's regional offices.

The conservatorship program began in February 1989 under the auspices of the FDIC. By August 9, 1989, when the RTC began its work, 262 thrifts were in conservatorship. At yearend, 56 thrifts had been added to the program and 37 had been resolved, leaving a total of 281 thrifts in conservatorship.

These 281 institutions had gross assets with a book value of $106.7 billion, based on their financial reports as of November 30, 1989. The estimated fair market value of these assets, as of November 30, was approximately $89.2 billion, indicating an estimated loss of $17.5 billion. The book value of the liabilities of these 281 thrifts exceeded the book value of the assets by $13.8 billion. Thus, the estimated preliminary total loss on these thrifts was approximately $31.3 billion as of November 30, 1989. It should be emphasized that these estimates will be refined to reflect changes over time and the results of more detailed on-site analysis.

By yearend 1989, RTC's high-cost-funds replacement program had advanced $9.2 billion to 156 institutions in conservatorship. There were also 254 emergency liquidity advances totalling $1.8 billion allocated among 85 conservatorships.

TEN LARGEST CONSERVATORSHIPS, December 31, 1989
(in millions of dollars)

Name and location	Total assets*
City Savings Bank, F.S.B., Bedminster, NJ	$ 9,891
Gibraltar Savings, F.A., Simi Valley, CA	8,223
Western Savings & Loan Association, F.A., Phoenix, AZ	5,228,
Bright Banc Savings Association, Dallas, TX	3,811
Lincoln Savings & Loan Association, F.A., Irvine, CA	3,694
Midwest Savings Association, F.A., Minneapolis, MN	2,351
San Antonio Savings Association, F.A., San Antonio, TX	2,311
Horizon Financial, F.A., Southampton, PA	2,098
Benjamin Franklin FSA, Houston, TX	2,015
Southwest Savings & Loan Association, F.A., Phoenix, AZ	1,872

*Data based on 9/30/89 Thrift Financial Reports.

Investigations Branch

As President Bush has said, "unconscionable risk-taking, fraud, and outright criminality were factors" in the insolvency of the federal insurance fund established to protect the public's deposits in thrift institutions. As a result of these abuses, losses have fallen on the American taxpayers. The RTC is dedicated to ensuring that those who caused and benefited from these losses are not permitted to go unpunished or retain their ill-gotten gains.

The Investigations Branch (Investigations) directs and coordinates the policy and planning activities necessary to carry out the RTC's nationwide investigative program. This responsibility includes staffing and completing investigations, improving investigative methods, and monitoring civil and criminal legal actions relating to fraud and professional liability. Investigations also prepares and coordinates Congressional testimony and responds to inquiries from Congress and the public relating to investigations of fraud and professional misconduct.

The RTC is committed to retaining a highly competent professional field force of investigators. Investigations has started a rigorous new in-house training program for its staff to broaden their fundamental investigative skills, including techniques for tracing assets and tracking fraud, bond, and professional liability claims. Training will also give investigators a deeper understanding of complex financial transactions. When appropriate, training from private sources will be used and investigators will be encouraged to attain professional certification or credentials appropriate to their field.

"unconscionable risk-taking, fraud, and outright criminality were factors in the insolvency of the federal insurance fund"

Investigations supports its field investigators in several ways. It maintains a comprehensive database with the names of people and organizations that have been convicted, indicted, investigated, or otherwise associated with bank fraud, insider abuse, money laundering, or that have caused the insolvency of a financial institution. This system makes it easier to manage investigations and analyze possibly improper actions. The branch also works with a network of international, federal, state, and local law enforcement agencies to investigate the background of suspected criminals.

Investigations began its operations with 90 investigators, many of whom transferred from the FDIC's Division of Liquidation. At yearend the Washington staff had completed about 200 reports of preliminary findings pertaining to potential bond, professional liability, or civil fraud claims. Finally, RTC investigators were monitoring over 1,000 criminal referrals sent to the Justice Department by yearend.

RESOLUTIONS GROUP

The Resolutions Group (Resolutions) markets and sells insolvent savings associations that are managed by the RTC in its conservatorship program. Again, the fundamental goal is to minimize the cost to the public.

The group's marketing effort is designed to reach a wide range of prospective bidders across the country. Minority and women bidders are encouraged to participate in the resolutions process.

Resolutions strives to make the bidding process as fair and efficient as possible. All interested parties approved by the appropriate regulators are invited to bid conferences for institutions ready for sale and are given a reasonable period to perform due diligence where applicable. All bids are submitted sealed and opened simultaneously.

The least-costly bid, provided its estimated cost is less expensive than a payout of insured deposits, is recommended to the RTC's Board of Directors.

In resolving minority-owned institutions, RTC policy is to give preference to bids from depository institutions owned by investors of the same ethnic identification as that of the failed thrift's previous owners. At yearend 1989, there were 40 minority groups, including three groups of women, that had indicated interest in participating in the resolutions process. These groups did not submit bids for any transactions.

Resolutions is organized into four functional areas and is headed by the Deputy Director for Resolutions. Associations with assets of more than $500 million are handled by the Major Transactions Branch, while smaller institutions are handled by the Field Resolutions Branch.

Major Transactions has several Assistant Directors (Resolution Managers) in charge of specific large resolutions. Each manager is responsible for all institutions of $500 million or more in one of the RTC's four regional areas.

The Assistant Director for Field Resolutions oversees the resolution process for smaller institutions. Field Resolutions activities are closely coordinated from Washington, with the appropriate RTC region responsible for most aspects of the resolution process.

The Marketing Section coordinates the marketing activities of the Resolutions Group. An Analysis Section provides analytic support and maintains the resolutions data base.

Major Transactions Branch

As of December 31, 1989, the Major Transactions Branch had resolved four large institutions and was in the process of resolving seven more.

The four large transactions completed during the RTC's first three months of operation were located in Texas, Pennsylvania, Florida, and California. The institutions had total assets of $8.3 billion, liabilities of $9.5 billion, and 173 branches. In all four transactions, the performing residential loans and other retail assets passed to the acquirers.

A broad spectrum of potential acquirers was invited to bid for these institutions, including savings associations, banking institutions, and corporate and private investors. Over 100 of them requested bid packages, and a total of 13 bids were received. The four institutions were acquired by several different banking organizations.

As part of these transactions, the RTC transferred $7.7 billion in deposits from over 840,000 depositor accounts to the acquirers. In addition, $2.3 billion in assets were sold to the acquirers. These transactions required an initial cash outlay from the RTC of $7 billion, with an estimated final cost of $1.6 billion. The RTC received estimated total premiums from these transactions of approximately $225 million. This amount represents a savings to the RTC when compared to the cost of liquidating the institutions.

By yearend, the RTC had begun actively marketing seven major institutions with home offices in Maryland, Texas, Ohio, Illinois, Kansas, and Arizona and over 190 branches. These institutions had combined assets of $12.1 billion and total liabilities of $14.2 billion, with deposits of $8.9 billion in nearly 1.1 million accounts.

In order to increase market exposure and to test alternative transactions, the RTC offered these seven institutions under three alternative transaction forms, each of which provided for different amounts of assets passing to acquirers. These institutions are scheduled for resolution during the first half of 1990.

To speed future transactions and assure consistent, fair, and open bidding, Major Transactions has designed standards and policies for transaction structures, public information packages, bid packages, and legal documents. These standards are being used for the institutions currently being marketed and will be further refined during 1990.

Field Resolutions Branch

At yearend, the Field Resolutions Branch had overseen the resolution of 33 thrift cases, each with assets of $500 million or less. The first three cases were resolved on August 10, 1989, only one day after the enabling landmark thrift legislation was enacted.

The 33 resolutions, in 14 states, involved 26 insured deposit transfer transactions, three purchase and assumption transactions, and four payouts of insured deposits.

These institutions had total assets of approximately $2.6 billion and total deposits of approximately $3.1 billion. Over $673 million of assets were sold through the resolution process, while almost $2 billion of assets were retained by the RTC for disposition. The RTC's initial cash outlay in these transactions was $2.5 billion, with an estimated final cost of approximately $1.5 billion.

By yearend, the Field Resolutions Branch was in the process of resolving 11 institutions. These institutions had approximately $1 billion in assets (book value).

Standard Case Resolution Process

The Resolutions Group generally follows several steps in the resolution process. The first step is to determine which institutions should be resolved first. All insolvent institutions under the authority of the RTC are scheduled for resolution based upon several factors. The cases that present the best opportunity for minimizing costs are then selected from this schedule. The appropriate regulators are notified that the case has been selected for resolution and the RTC's regional offices begin preparing bid packages and loss reviews for each institution.

The marketing effort generally begins with a press release and advertisement in the *Wall Street Journal* or other major publications. In addition, the RTC contacts investors that have previously expressed interest in the specific institution or in similar institutions. The RTC also requests lists of eligible bidders for each institution from federal bank and thrift regulators. A package containing general information, financial statements, branch locations, and deposit information is provided to interested parties. Once investors have been approved by the regulators, they sign a confidentiality agreement and are invited to a bid conference where more detailed information about the institution and the transaction is provided.

The RTC prepares two sets of documents for the bid conference: the bid package, and the legal documents that will be used to consummate the transaction. The bid package contains detailed information about individual institutions, including financial statements, detailed asset and liability data, branch office structure, administration, and human resources.

At a bid conference, copies of the bid package and legal documents are usually distributed to bidders. The schedule for any due diligence reviews and the date bids are due are established as soon as possible after the conference.

An asset valuation report is prepared for each institution and is used to develop the RTC's loss estimate for the institution. This estimate is important for analyzing bids and is one of the principal elements of the RTC's "cost test".

On the date bids are due, the RTC opens and analyzes the bids and verifies that all necessary approvals have been received by the appropriate regulators. If it passes the RTC's "cost test," the best bid is recommended to the RTC Board of Directors.

The Board reviews the bids and may approve a winning bidder. If a winning bidder is selected, appropriate legal documents are drawn up and signed as soon as is practical. The institution will then be closed by the Office of Thrift Supervision, the RTC named receiver, the assets and liabilities transferred to the winning bidder as provided in the legal documents, and the appropriate funds transferred by the RTC.

A prioritization schedule is generated quarterly for each of the RTC's four regions to assist in the process of selecting institutions for resolution. In addition, a national priority schedule is generated quarterly to help ensure resources are efficiently allocated among regions. Each schedule is updated 30 days before the end of each calendar quarter to reflect additions to the RTC's conservatorship program, changes in investor interest, and new data on institutions already in the conservatorship program.

Analysis Section

The Analysis Section provides information management and analysis support to the Resolutions Group. The section calculates the RTC's "cost test" for large resolutions, maintains the RTC Resolution database, and analyzes the cash flow for resolutions.

Cost test. The RTC is generally required to resolve institutions at less than the estimated cost of an insured deposit payoff. To satisfy this requirement, the Analysis Section created the RTC's "cost test" methodology based on the approach used by the FDIC. The test determines the estimated cost of resolution, the initial cash outlay required, and the estimated break-even bid for a particular resolution.

Calculating the break-even bid level for each transaction is critical in selecting the winning bid. To make this determination, the "cost test" considers several factors. The minimum acceptable bid represents the break-even bid level compared to a deposit payoff for each type of transaction.

Resolutions Database. The RTC needs detailed information about all resolved institutions for reporting and research. The Analysis Section has completed the analysis for and design of a database that will be used in the resolution process. Programming and data entry will be completed in 1990.

The resolutions database includes detailed financial and transaction information that can aid management and policy decisionmaking, as well as provide information to the public and Congress. The database can also be used by the RTC to analyze completed transactions.

Cash Flow Forecasting. When a case is selected for resolution, an estimate of cash requirements is needed for cash management and planning. The Analysis Section prepares an estimate for each institution and for each type of transaction.

Marketing Section

The Marketing Section (Marketing) supports the Resolutions Group by coordinating programs to attract potential acquirers, providing information about the sales process, establishing and maintaining a National Marketing List of potential buyers, analyzing market interest in specific institutions, and planning and executing marketing conferences.

". . . the institution must have the appropriate charter and federal deposit insurance."

Soon after the RTC was established, Marketing began designing a computerized database for the National Marketing List. The system integrates lists of potential acquirers obtained from the different regulatory agencies. This database is used to produce lists of eligible acquirers, including financial institutions, financial holding companies, and corporate and private investors. It helps establish the schedule for resolving institutions based on market interest, and serves as the basis for targeting potential acquirers when institutions are announced for sale.

Marketing has also concentrated on attracting new potential acquirers into the sales process. A brochure entitled "A Buyer's Guide: How to Purchase a Savings Association from the RTC" was published to explain the process. In addition, a toll-free "buyer's hotline" was established in November to serve as an initial point of entry for potential investors with questions about the resolution process.

By yearend, Marketing had distributed over 6,000 copies of the Buyer's Guide with an investor application package, which includes the forms investors and financial institutions must complete to be placed on the National Marketing List.

Marketing also has screened more than 800 applications from corporate and private investors who have expressed interest in the sales process. Applicants that did not have the required operating charter were referred to the appropriate regulatory agency for clearance. By yearend, approximately 600 corporate and private investors were added to the Marketing List, bringing the total to more than 2,700 potential private-investor acquirers.

Marketing also coordinates the screening process of financial institutions with the appropriate regulators. These regulators, not the RTC, provide the approvals necessary for a transfer of deposits to another institution; the institution must have the appropriate charter and federal deposit insurance. Without those approvals, a transaction cannot be completed.

In 1989, Marketing planned and coordinated three bidders' conferences in Washington to solicit bids for 11 thrifts with over $500 million in assets. Approximately 1,250 financial institutions, financial holding companies, and corporate and private investors were invited to participate in these meetings.

Marketing also supplied RTC field offices with lists of potential acquirers for nearly 200 thrifts with less than $500 million in assets. Marketing worked closely with the Field Resolutions staff to coordinate marketing efforts and ensure uniformity in policies and procedures adopted by the national and field offices.

Marketing has spearheaded the Resolutions Group's efforts to encourage the participation of women and minorities in the resolution process. A coordinator was appointed for this important function and procedures are being written for a minority outreach program to attract minority bidders and help preserve the minority status of conservatorship institutions.

During the latter part of 1989, Marketing began working on a limited due-diligence program that will give potential acquirers an opportunity early in the sales process to conduct a limited, inexpensive review of specific conservatorship thrifts. The program is expected to attract new investors because it will demonstrate the franchise value of various thrifts. It should also generate more interest from experienced potential acquirers, who can use this process to structure a more comprehensive due-diligence effort later in the bidding process. □

FINANCE AND ADMINISTRATION DIVISION

The Finance and Administration Division is responsible for developing, evaluating, and operating the Corporation's funding programs and capital markets activities. The division also directs all RTC administrative and automation support services, and coordinates the operations of the Corporation's financial branches.

Corporate Funding Section

The Corporate Funding Section is responsible for the planning, analysis, evaluation, and requests relating to the financial needs of the RTC and the institutions and receiverships under its jurisdiction. The section also coordinates operational activities related to funding for the Corporation, including resolutions, advances to receiverships, and conservatorships. The money is used for high-cost-funds replacement and liquidity. The section's responsibilities are met through the Financial Systems Unit, the Funds Administration Unit, and the Planning and Policy Unit.

In 1989, the Corporate Funding Section focused primarily on making advances, reporting funding activities, training staff, and educating managing agents and regional office employees about the RTC Advance Program.

"The total advanced to borrowers in 1989 was approximately $10 billion."

The section took several actions in early August to ensure the RTC could make advances and payments to conservatorships and receiverships, and for resolution activities. Further, systems and reports were developed to provide management with an accurate accounting of its funding activities. Since then the Corporate Funding Section has designed, developed, and implemented reports, procedures, and systems to promote accuracy, timeliness, and efficiency in all areas of its operations.

In 1989 the Corporate Funding Section established funding relationships with and advanced funds to 250 conservatorships and receiverships involving more than 1,300 separate advances. The total advanced to borrowers in 1989 was approximately $10 billion. The section also transferred funds totalling approximately $9 billion to finance 37 resolution transactions during 1989.

Written procedures, guidelines, and basic internal controls for processing RTC advances and payments were developed, implemented, and updated as necessary. The procedures covered receipt of requests for advances, transfer of funds to finance resolution activities, daily reconciliation, financial spreadsheet maintenance, and reports distribution.

Several daily management accounting reports were developed to record and report on the RTC's advance and payment operations to conservatorships, resolution cases, and receiverships. Reports were also developed to track and manage the RTC's cash position in its Treasury Account for each of its major subsidiary operating accounts: high-cost funds, emergency liquidity, and resolutions.

A principal and accrued interest verification system was established and used monthly to increase internal control over all outstanding RTC advances. A signed confirmation is required of each managing agent and liquidator-in-charge whose organization has outstanding advances from the RTC. To support this function, an automated application was developed for tracking and reporting the principal amounts and interest accruals on advances made by the RTC.

A reporting system was developed to track detailed uses of funds by the borrowers, such as the paydown of Federal Home Loan Bank advances or the replacement of maturing brokered deposits. The same reporting system was developed to monitor the RTC ratio on advances to current estimated total loss.

The Corporate Funding Section also created a database to track its receipt of documents required from each borrower, as dictated in the RTC's Lending Circular No. 1 and its appendices. In addition, a high-cost-maturing-liabilities database was set up to assist in the development of policy and plans for the best use of RTC funds under the high-cost-funds replacement program. The database can include these funding needs in cash management projections as well.

Finally, the section established an RTC Cash Position Report, produced daily by the FDIC's Division of Accounting and Corporate Services, to provide an independent accounting of RTC disbursement and receipt of funds.

In the coming year the Corporate Funding Section expects to formalize and improve the presentation of information between the section and the RTC's operating divisions (corporate and regional) regarding RTC funding requirements and capital markets operations. Formal information exchanges will enable the section to make the most efficient use of the RTC's financial resources in accordance with adopted policies, plans, and agreements.

The section will also assist management in identifying, evaluating, and structuring alternative low-cost sources of funding to finance RTC operations.

A professional staff development program will be put in place to help the section enhance its ability to meet its objectives and growing responsibilities.

In addition, the section anticipates developing an integrated automated data system to meet its increasingly complex cash management and management accounting needs. The growth in funds managed and institutions under conservatorship requesting advances, coupled with the importance of providing accurate, timely, and useful financial data, demands an immediate, sophisticated technical response.

Capital Markets Branch

The Capital Markets Branch is responsible for recommending and implementing policies and procedures relating to national securities sales, securitization, structured transactions, and all other capital markets-oriented activities of the RTC; developing and directing programs to pool and securitize loans and other assets in the conservatorships and receiverships; and monitoring the capital markets and the broker/dealer community in order to ensure the RTC receives maximum value from asset disposition. In addition, the branch provides guidance and assistance to the regional offices and managing agents in evaluating and managing interest rate risk, downsizing efforts, and liquidity management.

The Capital Markets Branch began operation in November 1989. After meeting with investment advisors, brokers, and other financial market participants to develop disposition strategies for securities controlled by the RTC, the branch issued a Solicitation of Services for a financial advisor to implement a national market mechanism to evaluate the feasibility and benefits of securitizing assets. The financial advisor will begin work on the sales and training programs by creating a securitization demonstration project. The branch currently assists conservatorships and receiverships in the disposition of securities. It has begun advising the regional offices and working with them to begin the securitization demonstration project with the portfolios of one or two institutions in each region.

The Capital Markets Branch will be developing a national sales program for all securities, including junk bonds and other financial instruments such as interest rate swaps, owned by institutions under the RTC. Additionally, the branch will develop its own securitization program to enhance the value of loans and other assets held by RTC conservatorships and receiverships. This program will allow for pooling of assets when greater value is achieved through that process. The branch will continue to assist RTC regional and Washington staff.

In addition, the inventory of securities held by all institutions under the RTC will be computerized, and the branch will track inventories and sales of securities. The database will be used to securitize and pool assets, particularly when a premium can be obtained by producing larger blocks.

Administrative Section

Congress and the President can create a new federal agency, but it doesn't fully come alive until office space is found and leased, people are hired and trained, and equipment is bought and installed. The Administrative Section provides these essential support services for the RTC in Washington and throughout the country.

RTC STAFFING
December 31, 1989

Office	Number of Employees		
	Permanent	Temporary	Total
Washington	376	—	376
Regional and Field Offices	656	808	1,464
TOTAL	**1,032**	**808**	**1,840**

The administrative challenges of staffing and establishing a nationwide organization like the RTC are considerable. During 1989 the RTC's four regional offices were established, and ten of what will eventually be 14 consolidated field offices were ready to begin operations (leases were signed in 1990).

For each of these locations and the Washington office, the Administrative Section is responsible for handling personnel administration; locating office space, negotiating leases, equipping and furnishing space, and moving employees; coordinating the RTC's procurement of goods and services; and implementing the agency's travel and training programs.

At yearend the RTC had approximately 1,900 employees, including more than 600 managing agents and their staffs in conservatorship. Six hundred and fifty employees transferred from the FDIC and 190 people from various FSLIC operations were allocated to the RTC.

Because the term of RTC's existence is limited, the agency has tried to contract its services and hire temporary staff whenever possible. Over 60 percent of the field staff at yearend were temporary employees hired under appointments of one to three years. Ultimately, the RTC will have about 5,000 temporary and permanent employees.

Automation Section

The Automation Section is responsible for planning and implementing management information systems for the RTC. Because the RTC has a number of functional areas and its workload is distributed across the country, the Automation Section's responsibility ranges from providing complete automated solutions to helping other groups implement their information systems. The Automation Section is the focal point for coordinating the purchase of hardware and telecommunications services for the Washington office, as well as the regional offices and consolidated sites.

In 1989 the Automation Section began several projects to create the infrastructure required to handle the RTC's information processing and reporting needs. These include:

- Developing several processing and reporting systems, including a manpower reporting system, a loss profile analysis, and a contractor, consultant, and vendor database.
- Planning a Request for Proposal for a contractor to provide an overall MIS plan. This project includes tasks to define requirements, assess existing and proposed systems, and recommend approaches to fulfill the varied processing and reporting needs.
- Initiating a Request for Proposal for the RTC's overall hardware needs to provide automation capabilities (primarily workstations and local area networks) to all RTC personnel as staffing expands in 1990.
- Analyzing alternatives to meet the RTC's overall wide-area networking needs. Selecting the networking environment will be a critical decision because of the many locations and the huge amount of data and electronic messages to be transferred.

The challenge facing this section will be to supply over 5,000 users with the technology to fulfill the RTC's complex mission. Based on current projections, the amount of data to be collected, processed, and reported by the RTC is similar in scope to that of the country's largest corporations. Hardware, networks, and application software all must be acquired, and the technology must be integrated in a very short time.

Financial Reporting Section

The Financial Reporting Section coordinates and reviews RTC financial information presented to senior management, Congress, the executive branch, and the public.

The Corporation and the Oversight Board must submit, to the Congress and the President, annual reports containing audited statements of the RTC's financial condition and operations. Additional reports and testimony with updated financial information must be prepared semiannually for the Congress. FIRREA requires the RTC to update its estimates of contingent liabilities quarterly. Reports on the status of RTC obligations with respect to the statutory formula limiting such obligations must be submitted regularly to the Oversight Board and others. Additional financial data and reports are required from the Corporation on a period or ad-hoc basis by the Oversight Board, Congressional committees, the General Accounting Office, the Treasury Department, the Office of Management and Budget, and the Congressional Budget Office.

The Financial Reporting Section also assists in solving financial reporting problems as they emerge, and reviews the methodologies employed in the development of reports, recommending changes where necessary.

The first semiannual report, covering activities from August 9, 1989, to September 30, 1989, was submitted by the RTC and the Oversight Board to Congress in November 1989. Corporation officials also testified to the

House and Senate Banking Committees and the House Banking Committee's RTC Task Force concerning the RTC's start-up activities.

In the future the Financial Reporting Section will work closely with the operations divisions of the RTC and FDIC accounting support units to ensure timely completion of the annual and semiannual reports to Congress. Reports will be developed periodically to track the RTC's position with respect to the maximum limitation on its obligations. The Financial Reporting Section will continue to respond to the increasing requests from other government entities for financial information. The section will also work with the staff and outside contractors responsible for evaluating the Corporation's financial information needs and for determining the alterations to current information systems necessary to meet financial reporting requirements. □

SPECIAL COUNSEL

Legal services for the RTC are provided by the FDIC's Legal Division. The RTC's Special Counsel serves as the overall coordinator of those services. The Special Counsel is the RTC's liaison to the FDIC Legal Division and legal adviser to the Executive Director and Division Directors.

The Special Counsel also serves as the Associate General Counsel (RTC) for the FDIC's Legal Division. As such he is directly responsible for legal support to the RTC's regional operations and the bulk of the direct legal support in Washington. The section in Washington is composed of 13 attorneys plus support staff. It advises the RTC Washington personnel on issues such as resolutions, contracting, real estate matters, commercial litigation, receivership issues, conservatorship operations, securitization, and other commercial transactions. The section relies upon other sections and branches of the FDIC's Legal Division for such issues as tax, directors' and officers' liability, accountants' liability, and blanket bond claims. The regional units of the section are each headed by a regional counsel who is responsible for the overall provision of legal services within a region. There are legal units in all regional offices and consolidated field offices.

The RTC has assumed responsibility for over 50,000 lawsuits and expects to absorb another 40,000 by year-end 1990. Over 85 percent of these cases will be handled by outside counsel under the guidance and direction of in-house staff. The fees and caseloads involved require significant in-house oversight and control.

"The RTC has assumed responsibility for over 50,000 lawsuits"

The RTC, like the FDIC, is interested in retaining minority law firms. The division's minority and women outreach program has made significant strides in that regard. Additionally, both the RTC and FDIC monitor the extent to which all of its outside firms hire and promote women and minorities.

In late 1989, the RTC filed the largest financial institution fraud case in history. Action was taken against various principals of Lincoln Savings and Loan Association of Irvine, California, and its parent, American Continental Corporation, Phoenix, Arizona, under the Racketeer-Influenced and Corrupt Organizations Act (RICO). Pursuing perpetrators of fraud and malfeasance is a high priority of the agency. Efforts are being made to ensure that those most at fault for the failure of an institution pay their fair share of the cost.

The unique legal issues confronting the RTC, and the mammoth workload of resolutions and asset disposition, will provide challenges well beyond 1990. □

OFFICES OF THE RESOLUTION TRUST CORPORATION

OFFICE OF RESEARCH AND STATISTICS

The Office of Research and Statistics serves as the research and planning arm of the RTC. It supports the activities of the RTC's Resolutions and Operations, Asset and Real Estate Management, and Finance and Administration Divisions, providing economic, financial, and statistical analysis for their operations. The branch also provides the Executive Director and the operating divisions with economic analysis of policy issues facing the RTC.

The work of the office is carried out by three sections. The Financial Modeling and Statistics Section develops financial models for a variety of purposes, prepares data on RTC activities for dissemination within RTC and to the public, and works with management information systems groups within the RTC and in other agencies. The projects in which the section is engaged include projecting long-term RTC cash flow needs, developing the methodology for the review of 1988 FSLIC transactions mandated by FIRREA, enhancing asset evaluation reviews, preparing public information packages for distribution to potential bidders in case resolutions, and preparing the RTC Review, a monthly publication that provides data and other information on RTC activities.

The Programs and Policy Section is involved in the economic analysis of public policy issues. The section participates in the preparation and coordination of Congressional testimony, provides liaison with the RTC Oversight Board on the RTC strategic plan and implementation procedures, and undertakes special projects as assigned. The latter include a detailed study of open bank assistance from the 1930s to the present, preparing a briefing book on the RTC, and developing the methodology for determining resolution caseload priorities.

The Financial Markets and Institutions Section provides econometric analysis and direct support for the Asset and Real Estate Management and Resolutions and Operations Divisions. Specific projects include developing asset sale concepts to facilitate bulk sales, developing a model for estimating thrift resolution losses, valuing put and call options in analyzing bids, and analyzing incentive contracting and other contractor performance issues.

OFFICE OF CORPORATE COMMUNICATIONS

The enormity of its task has made the RTC one of the most closely watched federal agencies. Hundreds of reporters, contractors, lawyers, and other interested parties phone each day with questions on the Corporation's policy actions and resolutions. Their point of entry is the Office of Corporate Communications (OCC).

It is the job of the Communications office to respond to inquiries from the media and the public quickly and accurately, and the OCC's information programs play a key role in helping to increase the understanding of the RTC's operations and responsibilities.

The demand for information has been particularly heavy because the RTC is a newly created federal agency, so the media's learning process had to start from the beginning. From the day FIRREA was signed into law, reporters were clamoring for details about the structure of the Corporation and its plans for achieving its statutory objectives of closing hundreds of failed S&Ls and selling billions of dollars in assets acquired from those institutions.

In the RTC's first five months, thousands of questions and information requests were received from radio, TV, and print reporters at news organizations around the country. Information is gathered and disseminated in response to more than 150 media calls a day, requests for speakers to appear at privately sponsored functions are evaluated, and press interviews with Executive Director Cooke and other key RTC officials are scheduled.

The Washington Communications office handles inquiries on RTC policies and procedures from the national news media and industry trade publications. It also issues all RTC press releases.

OCC also maintains a public information staff in each of the RTC's four regional offices. Their main responsibilities are to serve as regional spokespersons for the RTC, and to coordinate media relations on-site when the RTC places savings institutions into conservatorship or receivership.

Providing information on individual case resolutions is one of the major functions of the Communications office. Many of the nearly 100 press releases issued in 1989 concerned conservatorship or receivership transactions. Initial distribution is done by facsimile transmission (fax), which enables the OCC to notify other regulatory agencies, news wire services, and local newspapers immediately after a savings association is acquired or closed. Press releases are made available for pickup, and any consultants, law firms, and other interested parties are placed on the RTC's mailing list for all press releases. The office is currently testing vendor fax systems to enhance transmission service to the media and is examining private services that could be used to expedite access to press releases by nonmedia businesses that want immediate access to all materials issued by the Communications Office.

Other OCC activities include writing and editing copy for various publications and RTC operations, editing copy for advertisements that announce solicitations for prospective bidders and contractors, scheduling press briefings, and producing the RTC's Annual Report.

OFFICE OF BUDGET

The Office of Budget coordinates and oversees the RTC's ongoing budget process. This includes budget formulation, budget execution, program planning, and performance planning and measurement. Since the RTC was still in its formative stages during most of the latter part of 1989, estimates were based on a top-down analysis of operations and resource requirements. This method of budget formulation takes into consideration planned organizational structure and supporting staff levels, historical experience from the FDIC, and detailed analysis of the cost of RTC operations. These estimates can change markedly as a result of many unpredictable variables. Types of resolutions (clean bank, whole bank, etc.), types and amounts of assets passed to the RTC, and time in liquidation of certain assets are all difficult to predict and can have a significant effect on the budget amounts. Because of this, and because the basic organizational structure of the RTC is still subject to change, only quarterly administrative expense budgets have been prepared thus far for the RTC. Annual budgets will be prepared in greater detail after more operational experience is gained and when various policy issues are settled. All budgets are presented to the RTC Board of Directors for approval.

Several initiatives are being considered that will enhance budget information available to managers and will refine the process of formulating and executing the budget for the RTC.

Functional Budget. To provide senior management with information necessary to manage resources efficiently and effectively, the budget is divided along many lines. Breakdowns by organization and location are available, as well as by program and function, to provide managers with data that cross organizational boundaries. The functional budget is an important addition because it is organized based on corporation functions such as asset management, resolutions, contracting, operations, information services, and investigations. The functional budget will help highlight all of the Corporation's important activities.

Flexible Expense Budget. Since 80 percent to 90 percent of the RTC's work will be contracted to the private sector, as much as two-thirds of the RTC budget will be directly related to asset workload. This workload is difficult to predict, but relationships between workload and expenses have been established that can be used to provide budget estimates that vary with different workload levels. This flexible expense method of budgeting will play a more important role in the RTC as more sophisticated estimating techniques are employed, and as the Corporation becomes more experienced with operations. By using a flexible expense budget, the RTC will avoid fixed ceilings on expenditure amounts that may hinder the pace of operations, and the RTC will have the flexibility to move quickly to resolve institutions and dispose of assets.

OFFICE OF PROGRAM ANALYSIS

The Office of Program Analysis (OPA) is responsible for providing functional oversight and analysis of RTC activities for the Corporation's Executive Director. OPA advises senior management on divisional goals and strategies developed to implement FIRREA and the RTC Strategic Plan. Major programs are reviewed to ensure that statutory requirements are addressed and the programs, as designed, are meeting objectives efficiently. Special ad hoc reviews are also performed on request to address the particular needs of senior management. The office is also responsible for coordinating all information requests from the General Accounting Office and the Office of the Inspector General. These requests are analyzed to determine the appropriate action that should be taken.

The office's activities are administered through the Resolutions and Operations and the Asset and Real Estate Operations Sections, which perform operational reviews and special projects at selected field locations and in the regional, consolidated, and Washington offices. These reviews, which assess how the RTC programs and policies are being implemented and followed, provide senior RTC management with a means of further evaluating the effectiveness of established divisional goals.

OFFICE OF LEGISLATIVE AFFAIRS

The Office of Legislative Affairs (OLA) serves as the RTC's Congressional liaison, advises the Board of Directors on legislative issues, coordinates the drafting of proposed legislation, prepares testimony, and responds to inquiries from Congress on legislative and other matters.

OLA coordinates answers to correspondence and telephone inquiries from Congressional offices with other RTC divisions and offices before providing timely replies. In the five months since the RTC was established, OLA has also prepared testimony for numerous appearances by Chairman Seidman, Executive Director Cooke, and other RTC officials before Congressional committees, beginning with its first Congressional appearance on October 4, 1989. To promote legislation and assist with oversight functions important to the RTC's operations, OLA meets with members of Congress and their staffs to provide them with information relevant to their legislative duties. During 1989, these briefings averaged 13 a month.

OFFICE OF THE EXECUTIVE SECRETARY

The core responsibilities of the Office of the Executive Secretary (OES) are to provide public notice of meetings of the RTC Board of Directors, record all votes and prepare minutes of the meetings, and maintain the RTC's corporate records. In 1989 the OES also acted as corporate secretary for two RTC standing committees on management and asset disposition.

In 1989 the Executive Secretary's staff reported to the FDIC Office of the Executive Secretary. In 1990 the RTC's Office of the Executive Secretary will operate independently of the FDIC. One early priority for RTC Executive Secretary was to hire a staff and develop the necessary procedures and support systems to operate independently. By yearend these important structural components were in place.

From August through December, the RTC Board of Directors held 21 meetings — five open to the public and 16 closed. In those sessions a total of 90 Board actions were considered, 41 of which involved resolution or conservatorship actions on individual savings associations. Many of the basic issues of policy and structure for the RTC, such as the adoption of bylaws and ethics guidelines, were also decided during this period.

An often overlooked but important function of OES is attesting to the validity of documents or signatures of Corporation officers. OES processed 398 requests this year for certification of documents. Another function is to ensure that the RTC is in compliance with the Freedom of Information Act (FOIA). The RTC received 149 FOIA requests from August through December.

In 1989 the Executive Secretary moved forward with plans to establish an RTC Reading Room, where the public will have access to all nonconfidential documents generated by the RTC without the need to undergo the time-consuming process of filing an FOIA request. The Reading Room will open in April 1990.

Additionally, OES began organizing a major initiative to create a uniform, nationwide filing and records management system for the RTC. Having such a system in place will make records management and retrieval much simpler and increase the efficiency of the RTC. In 1989 the Executive Secretary received Board approval for the project, and took the initial steps of soliciting bids and selecting an outside contractor to study the RTC's records management program. A records retention schedule is expected to be developed in 1990, and a standardized, nationwide filing system implemented the following year.

Finally, the OES made preparations in 1989 to begin an automated index of official actions taken by the RTC Board of Directors, and by committees and officers of the RTC exercising authority delegated by the Board. □

Proposed Regulations

Proposed Regulation on Principles of Ethical Conduct for RTC Contractors (November 11, 1989)

The RTC and the RTC Oversight Board jointly proposed a regulation that would establish ethical standards applicable to contractors selected to perform services for the RTC. The proposed regulation would, among other things, prohibit contractors from performing services for the RTC if they had caused losses of $50,000 or more to the federal deposit insurance fund in certain circumstances. In addition, a contractor currently in default on an obligation to the FDIC, the RTC, or an insured depository institution under the jurisdiction of the RTC would also be deemed ineligible to contract with the RTC. The proposal would replace the interim standards adopted by the RTC Board on September 26, 1989.

Standards of Conduct for RTC Employees (December 12, 1989)

The RTC Board of Directors proposed a regulation that would establish standards of ethical conduct for RTC employees. The proposal is modeled after rules applicable to Federal Deposit Insurance Corporation employees and incorporates requirements mandated in FIRREA. The proposed rules would, among other things, extend the prohibitions on the acceptance of gifts, entertainment, favors, and loans by RTC employees to officers, directors, or employees of any insured depository institution or trade organization whose members seek to do business with the RTC. Other limits would restrict certain types of securities investments, and prohibit RTC employees from engaging in any other employment related to real estate while employed by the RTC.

STATEMENT OF INCOME AND ACCUMULATED DEFICIT

For the Period August 9, 1989 (Inception) through December 31, 1989 (*In thousands*)

Revenue		
Interest on advances and loans	$	230,912
Servicing and other revenue		2,096
Total Revenue		233,008
Expenses and Losses		
Provision for losses (Note 6)		44,911,633
Administrative operating expenses		6,536
Other expenses		2,578
Total Expenses and Losses		44,920,747
Net Loss		(44,687,739)
Accumulated Deficit — August 9 (Inception) (Note 11)		(55,240,000)
Accumulated Deficit — December 31	$	(99,927,739)

See accompanying notes

RESOLUTION TRUST CORPORATION

STATEMENT OF FINANCIAL POSITION

As of December 31, 1989 (*In thousands*)

Assets		
Cash	$	4,406,656
Advances and loans (Note 3)		11,277,480
Net subrogated claims (Note 4)		3,632,656
Other assets (Note 7)		28,932
Total Assets	**$**	**19,345,724**
Liabilities		
Accounts payable, accrued liabilities and other	$	7,950
Liabilities incurred from assistance and failures (Note 8)		4,037
Estimated cost of unresolved cases (Note 9)		94,669,000
Estimated losses from corporate litigation (Note 10)		83,719
Total Liabilities		**94,764,706**
Equity		
Contributed capital		18,800,000
Capital certificates		5,708,757
Accumulated deficit		(99,927,739)
Total Equity (Note 11)		**(75,418,982)**
Total Liabilities and Equity	**$**	**19,345,724**

See accompanying notes

STATEMENT OF CASH FLOWS

For the Period August 9, 1989 (Inception) through December 31, 1989 (*In thousands*)

Cash Flows From Operating Activities:	
Cash inflows from:	
Increase in accounts payable, accrued liabilities and other	$ 7,950
Servicing and other revenue	2,096
Receipts from subrogated claims	190
Cash outflows for:	
Increase in other assets	(28,932)
Disbursements for advances and loans	(11,046,568)
Disbursements for subrogated claims	(9,027,723)
Administrative operating expenses	(6,536)
Other expenses	(2,578)
Net Cash Used by Operating Activities (Note 14)	**(20,102,101)**
Cash Flows From Financing Activities:	
Cash inflows from:	
Contributed capital	18,800,000
Capital certificates	5,708,757
Cash Provided by Financing Activities	**24,508,757**
Net Increase in Cash	**4,406,656**
Cash — August 9 (Inception)	**-0-**
Cash — December 31	**$ 4,406,656**

See accompanying notes

DECEMBER 31, 1989

1. Impact of FIRREA Legislation:

Creation of the RTC:

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) became public law on August 9, 1989. This landmark legislation established organizations and procedures to obtain and administer the necessary funding to resolve failed thrifts and to dispose of the assets of these institutions. FIRREA abolished the Federal Savings and Loan Insurance Corporation (FSLIC) and the Federal Home Loan Bank Board (FHLBB). Their functions were transferred, in a prescribed manner, to the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision, the Federal Housing Finance Board, and the Resolution Trust Corporation (RTC).

Under FIRREA, the RTC was established to aid in resolving the thrift industry crisis. This newly created mixed-ownership Government corporation was tasked with replacing the FSLIC in future case resolution activity by managing and resolving all troubled savings associations that were previously insured by FSLIC and for which a conservator or receiver is appointed during the period January 1, 1989 through August 8, 1992. The FSLIC Resolution Fund, a separate fund under FDIC management, will complete the resolution of all thrifts that failed before January 1, 1989 or were assisted before August 9, 1989. Beginning on August 9, 1992, the Savings Association Insurance Fund will replace the RTC in resolving troubled thrift institutions.

To allow the RTC to carry out its legislative mandate, FIRREA authorized the FDIC to act as exclusive manager, subject to removal by the RTC Oversight Board. Thus, the FDIC shall carry out all duties and responsibilities of the RTC and shall be reimbursed by the RTC for all services performed. The Board of Directors of the FDIC serves as the Board of the RTC, and the Chairperson of the FDIC Board is the Chairperson of the RTC Board.

The activities of the RTC are subject to the general oversight of the newly established Oversight Board. The Oversight Board was created by FIRREA to oversee and be accountable for the RTC, to provide the RTC with general policy direction, and to review and monitor the RTC's performance. The Oversight Board consists of five members: the Secretary of the Treasury; the Chairman of the Board of Governors of the Federal Reserve System; the Secretary of Housing and Urban Development; and two independent members appointed by the President, with the advice and consent of the Senate.

FIRREA established the Resolution Funding Corporation (REFCORP) to provide funds to the RTC to enable the RTC to carry out its legislative mandate. The REFCORP, under general oversight of the Oversight Board, was granted power to issue up to $30 billion in long-term debt securities, the net proceeds of which shall be used to purchase capital certificates issued by the RTC or to refund any previously issued obligation.

The RTC will terminate on or before December 31, 1996. All remaining assets and liabilities will be transferred to the FSLIC Resolution Fund, with the requirement that any net proceeds from the sale of such assets be transferred to the REFCORP for interest payments. At the time of the RTC's termination, the FDIC will succeed the RTC as conservator or receiver for failed thrift activity.

Purpose of the RTC:

- Maximize return on the sale or other disposition of institutions or the assets of such institutions;
- Minimize the amount of any loss from case resolutions;

- Review all insolvent institution cases resolved by the FSLIC between January 1, 1988 and August 9, 1989, exercising all legal rights to modify, renegotiate, or restructure agreements where savings would be realized;
- Manage, and before February 9, 1990 liquidate, the Federal Asset Disposition Association; and
- Conduct all such operations in accordance with the special restrictions and objectives of the FIRREA as specified therein.

Source of Funds:

The RTC is funded from the following sources: 1) U.S. Treasury payments and borrowings; 2) amounts borrowed by REFCORP; 3) the issuance of debt obligations and guarantees as permitted by the Oversight Board; and 4) income earned on the assets of the RTC, proceeds from the sale of assets, and collections made on claims received by the RTC from receiverships, to the extent such amounts are needed for further resolution costs (as determined by the Oversight Board).

The Secretary of the Treasury has contributed capital of $18.8 billion to the RTC as of December 31, 1989. The RTC has also issued capital certificates of $5.7 billion to REFCORP as of December 31, 1989 (see Note 11). The RTC is also authorized to borrow from the Treasury an amount not to exceed in the aggregate $5.0 billion outstanding at any one time. As of December 31, 1989, the RTC had no borrowings outstanding.

Beginning in 1990, working capital will be made available to the RTC under an agreement between the RTC and the Federal Financing Bank. The working capital will be available to fund the resolution of thrifts operating as conservatorships and for use in the RTC's high-cost funds replacement and emergency liquidity programs. These borrowings, approved by the Oversight Board, are to be within the maximum obligation limitation.

Financial Statements:

The FIRREA transferred all of the assets and liabilities of the now defunct Federal Savings and Loan Insurance Corporation (FSLIC) to the FSLIC Resolution Fund (FRF), except for the $55.2 billion liability for estimated losses on unresolved cases, which became a liability of the RTC and resulted in RTC reporting an accumulated deficit at August 9, 1989 (inception) (see Notes 6 and 11).

The FIRREA requires that the assets, liabilities and equity of the RTC be maintained separately, and not be consolidated with any fund for accounting purposes. As mandated by FIRREA, RTC is managing seven receiverships that were effected by FSLIC after January 1, 1989 but prior to FIRREA. Activities of these entities are excluded from the financial statements of the RTC because FRF remains financially responsible for the losses associated with these resolution cases.

2. Summary of Significant Accounting Policies:

General. These statements do not include accountability for assets and liabilities of closed thrifts for which the RTC acts as receiver or liquidating agent.

Allowance for Loss on Subrogated Claims. The RTC records as assets the amounts advanced for assisting and closing thrifts. An allowance for loss is established against subrogated claims representing the difference between the amounts advanced and the expected repayment, based on the estimated cash recoveries from the assets of the assisted or failed thrift, net of all estimated liquidation costs.

Estimated Cost of Unresolved Cases. The RTC has recorded the estimated losses related to thrifts in conservatorship and those identified in the regulatory process as probable to fail.

Litigation Losses. The RTC recognizes an estimated loss for litigation against it in its Corporate, conservatorship and receivership capacities. The RTC's Legal Division recommends these estimated losses on a case-by-case basis.

Depreciation. The cost of furniture, fixtures, equipment, and other fixed assets is expensed at time of acquisition and reported in the administrative operating expenses. This policy is a departure from generally accepted accounting principles, however, the financial impact is not material to the RTC's financial statements.

Cash Equivalents. The RTC considers cash equivalents to be short-term, highly liquid investments with original maturities of three months or less. As of December 31, 1989, the RTC did not have any cash equivalents.

3. Advances and Loans (in thousands):

This line item includes both secured advances and loans made to conservatorships and receiverships by the RTC. The Corporation accrues interest on these advances and loans which is included in the Statement of Income and Accumulated Deficit. The Corporation expects repayment of these advances and loans before any subrogated claims are paid by receiverships.

	December 31, 1989
Secured advances from conservatorships	$ 10,077,033
Secured advances from receiverships	863,934
Loans to receiverships	105,601
Accrued Interest	230,912
	$ 11,277,480

4. Net Subrogated Claims (in thousands):

Subrogated claims from failures represent those disbursements made by the RTC for depositor liabilities. The Corporation recognizes an estimated loss on these subrogated claims.

	December 31, 1989
Subrogated claims	$ 9,028,383
Claims of depositors pending and unpaid	3,187
Allowance for Losses	(5,398,914)
	$ 3,632,656

5. Analysis of Change in Allowance for Loss from Receiverships (in thousands):

	Balance August 9, 1989 (Inception)	Provision for Losses	Transfers and Adjustments	Balance December 31, 1989
Due from Receiverships	$ -0-	$ -0-	$ 5,398,914	$ 5,398,914

Transfers and adjustments represent amounts transferred from the liability for the estimated cost of unresolved cases to the allowance for loss for subrogated claims as a result of case resolutions.

6. Analysis of Change in Estimated Cost of Unresolved Cases and Losses from Corporate Litigation (in thousands):

	Balance* August 9, 1989 (Inception)	Provision for Losses	Transfers and Adjustments	Balance December 31, 1989
Estimated cost of unresolved cases	$ 55,240,000	$ 44,827,914	$ (5,398,914)	$ 94,669,000
Estimated losses from corporate litigation	-0-	83,719	-0-	83,719
	$ 55,240,000	$ 44,911,633	$ (5,398,914)	$ 94,752,719

The estimated cost of unresolved cases includes amounts transferred to the allowance for loss for subrogated claims as a result of case resolutions.

* Transferred from FSLIC upon its dissolution as required by the FIRREA.

7. Other Assets:

The following are the components of other assets (in thousands):

	December 31, 1989
Reimbursements due from receiverships and conservatorships for operating expenses	$ 27,979
Miscellaneous assets	953
	$ 28,932

Reimbursements due from receiverships and conservatorships for operating expenses represent amounts paid by the RTC on behalf of the receiverships and conservatorships for which full repayment is expected.

8. Liabilities Incurred From Assistance and Failures:

The following are the major components from liabilities incurred from assistance and failures (in thousands):

	December 31, 1989
Pending Claims of depositors	$ 3,187
Other	850
	$ 4,037

9. Estimated Cost of Unresolved Cases:

The RTC has established a liability of $94.7 billion for the future cost of resolving troubled thrifts already in conservatorship and those identified in the regulatory process as probable to fail. The liability recorded is the amount that is probable and can be reasonably estimated as of December 31, 1989. The liability for unresolved cases was estimated using RTC's cost test methodology. The estimate was based on the assumption that all unresolved cases would be resolved through a pay-out liquidation and that losses on net assets would occur at the same rate as losses experienced on actual resolutions. This estimated cost is based upon loss rates for resolutions completed through June 1, 1990. As of September 30, 1990, the liability for the estimated cost of unresolved cases totaled $67.6 billion.

In addition, there are other open institutions from which losses to the RTC are reasonably possible. The losses from those institutions may range as high as $18 billion.

10. Estimated Losses from Corporate Litigation:

As of December 31, 1989, the RTC has been named in numerous legal or administrative actions while serving in its Corporate, conservatorship or receivership capacities. Currently, it is not possible to predict the outcome for all of the various actions. A provision totalling $83.7 million has been made for those actions that management feels will result in a probable loss. It is management's opinion that the outcome for the remaining actions, while not determinable, will not result in liabilities to such an extent that they will materially affect the Corporation's financial position.

11. Changes in Equity:

Equity for the RTC is as follows (in thousands):

	Contributed Capital	Capital Certificates	Accumulated Deficit	Total Equity
Balance August 9, 1989 (Inception)	$ -0-	$ -0-	$ (55,240,000)	$ (55,240,000)
Net Loss	-0-	-0-	(44,687,739)	(44,687,739)
Treasury Payments	18,800,000	-0-	-0-	18,800,000
Issuance of Capital Certificates				
09/22/89	-0-	1,200,000	-0-	1,200,000
10/30/89	-0-	4,508,757	-0-	4,508,757
Balance December 31, 1989	**$ 18,800,000**	**$ 5,708,757**	**$ (99,927,739)**	**$ (75,418,982)**

12. Pension Plan and Accrued Annual Leave

The FDIC eligible employees assigned to the RTC are covered by the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). Matching employer contributions provided by the RTC for all eligible employees were approximately $676,000 for the period August 9, 1989 through December 31, 1989.

Although the RTC contributes a portion of pension benefits for eligible employees and makes the necessary payroll withholdings from them, the RTC does not account for the assets of either of these retirement funds and does not have actuarial data with respect to accumulated plan benefits or the unfunded liability relative to its eligible employees. These amounts are reported by the U.S. Office of Personnel Management (OPM) and are not allocated to the individual employers. OPM also accounts for all health and life insurance programs for retired eligible employees.

The RTC's liability to employees for accrued annual leave is approximately $2,352,000 at December 31, 1989.

13. Commitments and Guarantees:

Rental Expense:

The RTC is currently leasing office space to accommodate its staff. The RTC's lease agreements for office space are approximately $97,311,000. The minimum yearly rental expense for all locations is as follows (in thousands):

1990	1991	1992	1993	1994	1995/Thereafter
$ 9,216	$ 8,517	$ 8,532	$ 8,390	$ 8,414	$ 54,242

Guarantees of RTC:

Guarantees made by the FSLIC from January 1, 1989 through enactment of FIRREA became guarantees of RTC. There were three such guarantees made by FSLIC to the Federal Home Loan Banks (FHLBs) payable in the event an identified institution defaults on its loan payments to the FHLBs. These guarantees involved institutions which have already been placed into conservatorship. The total amount contingently payable is $121 million. However, no losses from these arrangements are anticipated by management.

14. Supplementary Information Relating to the Statement of Cash Flows (in thousands):

Reconciliation of net loss to net cash used by operating activities:

	For the Period August 9, 1989 (Inception) Through December 31, 1989
Net Loss:	$ (44,687,739)
Increase in accounts payable, accrued liabilities and other	7,950
Increase in other assets	(28,932)
Provision for losses	44,911,633
Disbursements for advances and loans	(11,046,568)
Disbursements for subrogated claims	(9,027,723)
Accrued interest from assistance and failures	(230,912)
Receipts from subrogated claims	190
Net cash used by operating activities	**$ (20,102,101)**

Schedule of non-cash transactions incurred from thrift assistance and failures (in thousands):

	For the Period August 9, 1989 (Inception) Through December 31, 1989
Increase (decrease) in subrogated claims from failures:	
Outstanding depositor claims paid	$ 850
Depositor claims unpaid	3,187
Transfer of allowance for loss	(5,398,914)
Decrease (increase) in liabilities incurred from assistance and failures:	
Outstanding depositor claims paid	(850)
Pending claims of depositors	(3,187)
Estimated cost of unresolved transfer	5,398,914
	$ -0-

GAO

United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-240108

To the Board of Directors
Resolution Trust Corporation

We have audited the accompanying statement of financial position of the Resolution Trust Corporation as of December 31, 1989, the related statement of income and accumulated deficit, and the statement of cash flows for the period August 9, 1989, through December 31, 1989. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. In addition, we are reporting on our consideration of the Corporation's internal control structure and on its compliance with laws and regulations.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. However, as discussed in the following paragraphs, the Corporation's estimated liability for unresolved institutions and its estimated recovery from receiverships for claims paid on behalf of depositors are subject to significant uncertainties that limited our audit and precluded us from opining on these reported balances.

The Corporation developed a standard methodology in June 1990 to estimate its liability for the cost of unresolved institutions. The methodology was consistently applied and used the best information available at the time. However, the actual cost to the Corporation for future resolution actions will depend on the outcome of various uncertainties, including the number of institutions placed into conservatorship prior to August 9, 1992; the extent of these institutions' continuing operating losses; the quality and salability of each institution's assets; and the condition of the economy, especially in certain geographic locations. As a result of these uncertainties, the Corporation's estimated liability for unresolved institutions is subject to significant change and final costs could be much higher than estimated.

For institutions already resolved, the Corporation has paid out funds required to settle depositor claims to either the depositors themselves or acquirers of the institutions. However, the Corporation expects to recover some portion of those paid claims (subrogated claims) through the sale of the failed institutions' assets that remain in Corporation receiverships. To develop its estimated net receivables from paid claims, the Corporation calculated the estimated market value of assets held in receivership less the associated costs of holding those assets for sale. The Corporation calculated asset recovery values based on appraisal and review processes. Because it had only been in existence for 5 months, however, the Corporation lacked historical asset sales experience with which to evaluate the accuracy of the resulting recovery estimates. Also, the Corporation's short operating life had not provided it with sufficient asset management experience to serve as the basis for estimating holding costs. Most important, the Corporation had never examined receivership inventories on an individual asset basis; instead, all valuation decisions had been based on samples of assets taken prior to the resolution process. As a result, the expected recovery value of assets in receivership could be significantly overstated. The current recessionary economy and the depressed real estate market are also likely to negatively affect asset recovery values.

In our opinion, except for the effects that the uncertainties discussed in the preceding paragraphs may have on the cost of unresolved institutions and the expected recoveries from resolved institutions, the financial statements referred to above present fairly, in all material respects, the financial position of the Resolution Trust Corporation as of December 31, 1989, and the results of its operations and its cash flows for the period then ended, in conformity with generally accepted accounting principles.

As discussed in note 1, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 was enacted on August 9, 1989. FIRREA, which created the Resolution Trust Corporation, responded to the savings and loan industry crisis and the mounting losses of the industry's insurer by abolishing the Federal Savings and Loan Insurance Corporation (FSLIC) and transferring its functions to several newly established entities. FSLIC's insurance function was transferred to the Savings Association Insurance Fund, which is administered by the Federal Deposit Insurance Corporation (FDIC). The new insurance fund will be responsible for assisting and resolving troubled thrifts after August 9, 1992. FIRREA created the FSLIC Resolution Fund to accept the assets, debts, obligations, contracts, and other liabilities resulting from FSLIC's resolution activity prior to January 1, 1989. FDIC is responsible for administering the FSLIC Resolution Fund to ensure that its assets are sold and liabilities paid.

FIRREA created the Resolution Trust Corporation to resolve the problems of failed thrift institutions previously insured by FSLIC and placed into conservatorship or receivership from January 1, 1989, until August 9, 1992. The Corporation's newly established Oversight Board, under the chairmanship of the Secretary of the Treasury, has overall responsibility for the Corporation's activities. FDIC carries out the Corporation's duties and responsibilities and is reimbursed by the Corporation for all services performed.

FIRREA provided the Corporation with $50 billion to resolve failed savings institutions and to pay its administrative expenses. Through December 31, 1990, the Corporation had used $37 billion of the $43 billion then available to pay the losses of 352 failed institutions. However, resolution cost estimates prepared by the Corporation and its Oversight Board indicated that between $89 billion and

$132 billion on a present value basis would eventually be needed to close a total of 700 to 1,000 failed institutions.[1]

In January 1991, the Corporation received the last $7 billion available under FIRREA for resolutions. Although the Corporation has slowed down marketing and resolving institutions, it does not expect these funds to last beyond March 1991. The Corporation has stated that without more funds, all resolution activity would cease. Accordingly, in January 1991, the Oversight Board appeared before the Congress to request an additional $30 billion to resolve approximately 225 institutions before the end of fiscal year 1991. The Oversight Board indicated its preference for permanent funding authority since that would allow the Corporation to pursue its mandate aggressively and without costly interruption.

We have no reason to disagree with the Board's stated need for more funds through the end of this fiscal year, and we expect that the Corporation will require substantial additional funds in fiscal year 1992. However, we do not agree with the Oversight Board on the best way to provide those funds. In our February 1991 testimony before the House Committee on Banking, Finance and Urban Affairs,[2] we stated that a permanent and indefinite appropriation would effectively eliminate the existing controls over the Corporation's obligational authority contained in FIRREA. We expressed the belief that it is important to retain control mechanisms already in place and functioning.

Therefore, we support providing sufficient funds annually to cover the Corporation's resolution needs for that year. This would allow the Corporation to efficiently plan its workload to avoid costly slowdowns in resolution activity, and would retain existing congressional oversight control

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[1]The Oversight Board calculated its cost estimate range in May 1990. In January 1991 testimony before the Senate Banking Committee, the Oversight Board stated that its present value cost range was still valid; however, due to the recent economic downturn and the war in the Persian Gulf, the most likely cost scenario has moved to the higher end of the range.

[2]Resolution Trust Corporation: Performance Assessment to Date (GAO/T-GGD-91-7, February 20, 1991).

mechanisms. As stated in our testimony, we believe that a yearly appropriation, provided on-budget and linked with the Oversight Board reporting requirements, is the best funding alternative. FIRREA's obligation limit would have to be revised to reflect the Corporation's funding through the annual appropriation process, since currently it is linked to the $50 billion originally designated for unrecoverable losses.

On March 13, 1991, the House approved a bill providing the Corporation with an additional $30 billion to cover depositor claims at hundreds of failed institutions. The Senate had approved similar legislation a week earlier. Before the Corporation can receive any of these funds, however, the House and Senate must reconcile some relatively minor differences in the bills.

The following sections of this report provide details on the Corporation's liability for unresolved institutions and its expected recoveries from resolved institutions. In addition, our report on the Corporation's internal control structure provides additional information on its ability to produce reliable estimates for the expected recovery value of assets in both resolved and unresolved institutions.

ESTIMATED LIABILITY FOR UNRESOLVED INSTITUTIONS

The Corporation's estimated resolution liability is subject to many uncertain factors and future events that are likely to make actual costs higher than projected. At December 31, 1989, the Corporation accrued a $95 billion liability for resolving approximately 650 troubled institutions already in conservatorship or identified in the regulatory process as probable to fail. To estimate this liability, the Corporation assumed that all troubled institutions would be resolved on December 31, 1989, by directly paying off depositor claims. The Corporation also assumed that recovery rates for subsequent asset sales would be the same as those calculated for resolutions already performed.

However, some of the Corporation's assumptions may not hold true and future events may cause asset values to decline. For example, the number of institutions requiring resolution could increase significantly. At September 30, 1990, approximately 350 institutions not included in the

Corporation's liability had capital levels of less than 3 percent and were operating unprofitably. As the Corporation discussed in footnote 9 to its financial statements, some or all of these institutions could require resolution at an additional cost to the Corporation of as much as $18 billion. Also, the market values of Corporation-held assets might continue to decline, thereby reducing the amount recovered at sale. Although the Corporation assumed asset writedowns of 20 percent to 34 percent based on estimates calculated for institutions resolved through May 1990, worsening economic conditions could result in higher losses. Finally, delays in closing troubled thrifts could result in significant continuing operating losses that must be funded at the time of resolution. By not including operating losses in its liability calculation, the Corporation has increased the likelihood that actual resolution costs will exceed its estimate.

ESTIMATED RECOVERIES ON PAID CLAIMS

Because the Corporation had not, at the time of our review, either examined all assets remaining in its receiverships or valued each asset based on actual sales experience, it may have overstated its expected recoveries from depositor claims paid. At December 31, 1989, the Corporation had resolved 37 failed savings institutions requiring disbursements of $9 billion for depositor liabilities. Although the Corporation has a subrogated claim for the entire disbursement amount against the failed institutions' assets remaining in receivership, the Corporation estimated that it would recover less than $4 billion from the sale of those assets. The Corporation calculated asset recovery values based on the results of reviews conducted in each conservatorship institution prior to resolution. As part of these valuation reviews, the conservatorships' assets were categorized according to type and performance (for example, performing mortgage loans, nonperforming consumer loans, and real estate owned.) Based on the size of the institution, reviewers were required to sample certain dollar amounts and numbers of assets within the categories. The reviewers developed expected recovery values for the sampled assets using recent appraisals or following Corporation guidelines. Those rates were then projected to unreviewed assets. Upon resolution, an institution's asset valuation review became the basis for determining the recovery value of the assets remaining in Corporation receiverships.

Although the Corporation provided the reviewers with general guidelines to follow in determining expected recoveries, it had no historical experience in asset sales with which to evaluate the mark-to-market adjustments resulting from reviews and appraisals.[3] The Corporation also lacked experience in asset management with which to evaluate the estimated cost of holding assets for sale. In addition, receivership asset inventories were valued based on samples chosen prior to the acquirer taking the "good" assets at resolution and leaving the "bad" assets to be handled by the Corporation. By continuing to apply recovery rates based on a certain proportion of both good and bad assets, the Corporation could be significantly overstating the value of the assets remaining in receivership. Without reviewing each individual asset under receivership control, the Corporation cannot determine an asset's condition or set a realistic price for its sale.

As discussed, the Corporation's actual recoveries on paid claims could be lower than estimated if receivership assets are found to be more impaired than anticipated. Also, higher than expected contract management fees or "fix-up" costs would increase losses. However, the greatest unknown is the future health of the economy, particularly in geographic areas with large real estate

[3]To address this concern, we recommended in our report Obligations Limitation: Resolution Trust Corporation's Compliance as of March 31, 1990 (GAO/AFMD-90-101, July 27, 1990) that the Corporation institute a system to track and report the actual results of asset sales. In response, the Corporation stated that it is developing a Receivership Asset Inventory System that will have some reporting capability by March 31, 1991.

asset portfolios for sale. If the economy continues its slowdown, asset sales could bring in significantly less than expected.

Charles A. Bowsher

Charles A. Bowsher
Comptroller General
of the United States

December 14, 1990

STATISTICS

RTC CONSERVATORSHIPS *(August 9, 1989 through December 31, 1989)*

State	Associations in Conservatorship August 8, 1989	Associations Placed into Conservatorship	Resolutions				Associations in Conservatorship December 31, 1989
			P&A	IDT	Payout	Total	
ALABAMA	5			1		1	4
ALASKA	2						2
ARIZONA	5						5
ARKANSAS	12				2	2	10
CALIFORNIA	22	3	1	4	1	6	19
COLORADO	11	2					13
CONNECTICUT	1	1					2
FLORIDA	13	1	1	2		3	11
GEORGIA	5			1		1	4
ILLINOIS	15	7		1		1	21
INDIANA	1	1					2
IOWA	2	1			1	1	2
KANSAS	13	3		2		2	14
LOUISIANA	27	5		6		6	26
MARYLAND	2	1					3
MICHIGAN	2						2
MINNESOTA	1						1
MISSISSIPPI	5	1					6
MISSOURI	6						6
NEBRASKA	5			1		1	4
NEW JERSEY	3	2					5
NEW MEXICO	5	1					6
NEW YORK		1					1
NORTH CAROLINA	2			1		1	1
OHIO	3						3
OKLAHOMA	4	4					8
PENNSYLVANIA	4		3			3	1
SOUTH CAROLINA	1	1	1			1	1
TENNESSEE	5						5
TEXAS	72	18	1	7		8	82
UTAH	3						3
VIRGINIA	2	2					4
WASHINGTON	1						1
WISCONSIN	2						2
WYOMING		1					1
TOTALS	**262**	**56**	**7**	**26**	**4**	**37**	**281**

NOTE: P&A indicates a purchase and assumption transaction and IDT indicates an insured deposit transfer.
Prepared by RTC Analysis

NEW RTC CONSERVATORSHIPS *(August 9, 1989 through December 31, 1989) (Dollar amounts in thousands)*

No.	Date of Conservatorship	Name of Institution & Location	At Date of Conservatorship: Gross Assets	Deposits	Number of Accounts
1	10-Aug	Unifirst Bank for Savings, FA, Jackson, MS	$ 794,352	$ 608,025	83,929
2	10-Aug	Peoples Heritage FS&LA, Salina, KS	1,879,301	1,466,539	100,220
3	10-Aug	Metropolitan Financial Savings & Loan, Dallas, TX	835,595	672,480	45,908
4	17-Aug	Guadalupe S&LA, Kerrville, TX	27,265	16,277	1,939
5	17-Aug	Southside S&LA, Austin, TX	53,068	41,246	3,158
6	17-Aug	Hearne Building & Loan Association, Hearne, TX	28,831	25,535	1,929
7	17-Aug	Security S&LA, FA, Peoria, IL	327,156	227,745	32,409
8	17-Aug	Taylorbanc Savings Association, Taylor , TX	149,812	149,756	16,252
9	17-Aug	Black Hawk FS&LA, Rock Island, IL	73,248	68,088	9,314
10	24-Aug	Denton Savings Association, Denton, TX	169,400	146,342	12,709
11	24-Aug	Heritage S&L, Jerseyville, IL	31,693	29,264	5,558
12	07-Sep	Citizens S&LA of Springfield, Springfield, IL	92,048	79,296	9,054
13	14-Sep	First FS&LA, Laredo, TX	180,864	161,733	5,047
14	21-Sep	First Garland Savings Association, Garland, TX	136,180	103,135	11,227
15	21-Sep	Plano S&LA, Plano, TX	283,008	248,982	16,093
16	21-Sep	First Savings Association of Brenham, Brenham, TX	149,114	134,137	18,033
17	21-Sep	East Texas S&LA, Tyler, TX	334,194	206,033	23,672
18	28-Sep	Colorado Federal Savings Bank, Sterling, CO	11,940	12,418	3,352
19	05-Oct	American Home S&LA, Edmond, OK	97,743	79,131	5,047
20	05-Oct	Family Federal Savings Bank, Sapulpa, OK	53,916	52,815	9,571
21	13-Oct	Columbia Homestead Association, Metairie, LA	100,255	89,795	8,937
22	16-Oct	Banc Iowa Savings Bank, Cedar Rapids, IA	165,339	139,796	25,457
23	19-Oct	People's Homestead FS for Savings, Monroe, LA	298,392	263,246	32,513
24	19-Oct	Valley FS&LA, McAllen, TX	559,132	536,306	47,761
25	19-Oct	Mid Kansas FS&LA of Wichita, Wichita, KS	781,094	587,188	86,122
26	19-Oct	Surety Savings Association, El Paso, TX	298,114	244,529	21,100
27	19-Oct	Seasons Savings Bank, FSB, Richmond, VA	264,530	212,550	14,121
28	26-Oct	Great Plains FS&LA of Weatherford, Weatherford, OK	115,584	72,082	8,363
29	02-Nov	First Louisiana FSB, Lafayette, LA	168,690	104,557	11,699
30	09-Nov	Crest Savings, Kankakee, IL	144,976	129,504	17,515
31	09-Nov	Colonial Savings Bank, SLA, Roselle Park, NJ	449,849	329,134	39,936
32	09-Nov	Aspen S&LA, Aspen, CO	153,002	104,422	5,704
33	09-Nov	Saratoga S&LA, San Jose, CA	110,795	96,848	2,608
34	09-Nov	Fidelity FS&LA, Galesburg, IL	401,638	359,748	64,413
35	16-Nov	First S&LA of Central Indiana, Anderson, IN	199,473	175,633	25,699
36	16-Nov	Sooner FS&LA, Tulsa, OK	1,564,512	1,136,176	172,728
37	16-Nov	Security FS&LA, Garden Grove, CA	74,077	74,687	5,853
38	16-Nov	Texas Western FS&LA, Houston, TX	112,004	91,020	9,103
39	16-Nov	General Bank, A Federal Savings Bank, Miami, FL	359,365	291,149	47,360
40	30-Nov	Brookside S&LA, Los Angeles, CA	630,481	572,775	18,734
41	30-Nov	Southwestern S&LA, El Paso, TX	131,007	114,596	6,790
42	30-Nov	Fortune Financial, A Savings & Loan Institution, Copperas Cove, TX	86,220	73,730	4,626
43	30-Nov	Security Federal Savings Bank, Columbia, SC	770,574	667,765	81,360
44	30-Nov	Austin Savings Association, Austin, TX	109,250	84,699	2,872
45	30-Nov	First Guaranty S&LA, Gillette, WY	23,509	21,424	2,256
46	30-Nov	Salamanca FS&LA, Salamanca, NY	30,388	29,870	3,924
47	07-Dec	The Garnett S&LA, Garnett, KS	18,178	17,551	3,485
48	07-Dec	Community FS&LA, Bridgeport, CT	61,341	48,924	2,292
49	07-Dec	Arlington Heights FS&LA, Arlington Heights, IL	526,009	402,038	66,979
50	08-Dec	Atlantic Permanent Savings Bank FSB, Norfolk, VA	590,397	359,329	29,153
51	08-Dec	City Federal Savings Bank, Bedminster, NJ	9,702,243	6,949,856	829,280
52	14-Dec	Louisiana Savings Association, Lake Charles, LA	459,211	394,545	50,470
53	14-Dec	Yorkridge-Calvert S&LA, Baltimore, MD	585,265	363,968	57,814
54	14-Dec	Red River S&LA, Coushatta, LA	11,073	8,005	927
55	21-Dec	Silver S&LA, A Federal Association, Silver City, NM	33,524	26,519	6,176
56	21-Dec	Columbia Savings Association, Nassau Bay, TX	74,709	71,703	1,874
	TOTALS	**56 Institutions**	**$25,872,928**	**$19,774,644**	**2,230,425**

Prepared by RTC Analysis

INSTITUTIONS IN CONSERVATORSHIP *(as of August 8, 1989) (Dollar amounts in thousands)*

No.	Date of Conservatorship 1989	Name of Institution & Location	At Date of Conservatorship: Gross Assets	Deposits	Number of Accounts
1	07-Feb	Gill SA, Hondo, TX	$1,412,921	$1,495,912	65,028
2	07-Feb	Freedom S&LA, A FS&LA, Tampa, FL	1,517,535	1,113,130	161,338
3	07-Feb	Baltimore Federal Financial, FSA, Baltimore, MD	1,626,673	1,208,753	205,803
4	07-Feb	Pacific Savings Bank, Costa Mesa, CA	1,147,173	1,014,999	49,099
5	10-Feb	Bright Banc SA, Dallas, TX	4,548,026	2,894,641	293,593
6	10-Feb	First Federal of Arkansas, FA, Little Rock, AR	1,853,910	1,175,294	119,930
7	10-Feb	Deseret FS&LA, Salt Lake City, UT	175,135	169,875	33,208
8	10-Feb	Sandia FS&LA, Albuquerque, NM	913,965	1,051,488	75,050
9	10-Feb	Savers FS&LA, Little Rock, AR	898,555	784,296	89,046
10	13-Feb	Midwest FS&LA of Minneapolis, Minneapolis, MN	3,062,827	2,179,485	333,018
11	14-Feb	University SA, Houston, TX	4,897,894	3,742,001	339,620
12	17-Feb	Columbia Federal Savings Bank, Westport, CT	153,076	142,895	16,185
13	17-Feb	Guaranty FS&LA, Birmingham, AL	405,270	393,337	48,931
14	17-Feb	Equitable Federal Savings Bank, Fremont, NE	223,691	199,055	34,983
15	17-Feb	North Jersey S&LA, Passaic, NJ	330,599	298,525	46,060
16	17-Feb	Elysian Federal Savings Bank, Hoboken, NJ	204,977	195,534	14,818
17	17-Feb	Blue Valley FS&LA, Kansas City, MO	881,784	811,507	113,760
18	17-Feb	Sun Savings Association, F.A., Kansas City, KS	201,664	184,282	19,354
19	17-Feb	French Market Homestead, FSA, Metairie, LA	278,255	232,840	36,805
20	17-Feb	Occidental/Nebraska FSB, Omaha, NE	704,457	515,032	87,440
21	17-Feb	Midwest FS&LA, Nebraska City, NE	149,779	117,117	17,597
22	17-Feb	Westwood S&LA, Los Angeles, CA	406,287	402,023	8,944
23	17-Feb	Community S&LA, Fond Du Lac, WI	188,623	158,319	30,695
24	17-Feb	Southern Floridabanc FS&LA, Boca Raton, FL	157,027	253,633	19,073
25	17-Feb	First FS&LA, Largo, FL	332,186	386,061	39,123
26	17-Feb	American S&LA, A Federal Association, Salt Lake City, UT	2,240,605	1,364,590	217,800
27	17-Feb	Security S&LA, Scottsdale, AZ	761,572	1,050,220	89,032
28	17-Feb	Nile Valley FS&LA, Scottsbluff, NE	60,256	63,950	5,956
29	17-Feb	Concordia Federal Bank for Savings, Lansing, IL	494,395	415,298	56,978
30	17-Feb	Platte Valley FS&LA, Gering, NE	357,545	332,386	17,912
31	17-Feb	Independence FS&LA, Batesville, AR	257,750	336,754	31,874
32	17-Feb	Universal S&LA, A FS&LA, Scottsdale, AZ	99,725	99,216	9,209
33	17-Feb	Southwest S&LA, Phoenix, AZ	2,301,855	1,766,373	161,411
34	17-Feb	Anchor SA, Kansas City, KS	857,035	588,493	82,159
35	17-Feb	Mountainwest S&LA, A FS&LA, Odgen, UT	249,999	222,009	32,064
36	17-Feb	Horizon FS&LA, Metairie, LA	386,851	390,852	18,263
37	02-Mar	First FS&LA, Fayetteville, AR	131,698	106,633	17,076
38	02-Mar	Topeka Savings, A FS&LA, Topeka, KS	102,618	105,490	9,602
39	02-Mar	First FSB of Kansas, Wellington, KS	168,759	163,218	24,499
40	02-Mar	La Hacienda Savings Association, San Antonio, TX	77,923	117,059	3,560
41	02-Mar	First State Savings Bank, FSB, Mountain Home, AR	125,217	122,637	14,864
42	02-Mar	Valley FS&LA of Hutchinson, Hutchinson, KS	236,493	196,120	16,388
43	02-Mar	First State SA, San Antonio, TX	250,429	321,648	8,717
44	02-Mar	Southmost S&LA, Brownsville, TX	110,189	107,550	10,715
45	02-Mar	Permian S&LA, Kermit, TX	11,307	11,333	1,028
46	02-Mar	Commerce SA, San Antonio, TX	837,729	795,937	44,844
47	02-Mar	First FS&LA of Coffeyville, Coffeyville, KS	96,316	90,325	13,408
48	02-Mar	First FS&LA of Hutchinson, Hutchinson, KS	197,194	169,035	20,769
49	02-Mar	First FS&LA, Malvern, AR	53,188	51,883	6,620
50	02-Mar	Mission SA of Texas, San Antonio, TX	96,237	98,860	2,496
51	02-Mar	Home FS&LA, Mountain Home, AR	47,022	69,528	6,870
52	02-Mar	Fontainebleau Federal Savings Bank, Slidell, LA	40,534	34,742	3,177
53	02-Mar	Enterprise FS&LA, Marrero, LA	72,404	67,134	5,361
54	02-Mar	Alamo SA of Texas, San Antonio, TX	629,109	616,625	38,951
55	02-Mar	Elmwood FS&LA, Harahan, LA	58,766	46,249	3,688
56	02-Mar	Gibraltar Federal Savings Bank, FSB, Annapolis, MD	68,190	57,313	10,806
57	02-Mar	Unipoint Federal Savings Bank, Trumann, AR	20,303	28,676	4,167
58	02-Mar	First Federal Bank of Alaska, SB, Anchorage, AK	220,546	182,015	34,478
59	02-Mar	First Savings of Louisiana, FSA, La Place, LA	30,922	44,186	4,297
60	02-Mar	Vision Banc Savings Association, Kingsville, TX	95,763	94,646	4,033
61	02-Mar	Landmark Savings Bank, FSB, Hot Springs, AR	145,533	151,967	18,215
62	02-Mar	San Antonio SA, San Antonio, TX	2,842,935	1,965,351	285,526
63	02-Mar	Colonial SA of America, Liberal, KS	73,872	61,658	5,425
64	02-Mar	Bexar Savings Association, San Antonio, TX	886,644	817,525	31,009
65	02-Mar	Padre FS&LA, Corpus Christi, TX	26,198	30,935	1,333
66	02-Mar	Home Savings Bank, Anchorage, AK	91,354	76,546	7,912

INSTITUTIONS IN CONSERVATORSHIP *(as of August 8, 1989) Continued (Dollar amounts in thousands)*

No.	Date of Conservatorship 1989	Name of Institution & Location	At Date of Conservatorship Gross Assets	Deposits	Number of Accounts
67	02-Mar	Shawnee FS&LA, Topeka, KS	$222,984	$186,978	26,375
68	02-Mar	Mid-America FS&LA, Parsons, KS	85,068	83,536	14,506
69	02-Mar	Peoples S&LA, Parsons, KS	87,893	67,467	10,907
70	02-Mar	Suburban SA, San Antonio, TX	59,654	50,981	2,723
71	02-Mar	The Barber County S&LA, Medicine Lodge, KS	55,509	42,601	4,812
72	02-Mar	Commonwealth S&LA, Osceola, AR	39,254	32,311	7,592
73	02-Mar	Madison Guaranty S&LA, Augusta, AR	121,878	99,399	5,014
74	09-Mar	Otero Savings, A FS&LA, Colorado Springs, CO	552,819	472,010	35,600
75	09-Mar	United Guaranty Federal Savings Bank, Tullahoma, TN	11,011	12,562	1,192
76	09-Mar	Century S&LA, Baytown, TX	84,611	85,179	7,429
77	09-Mar	Western Gulf S&LA, Bay City, TX	204,732	248,706	8,181
78	09-Mar	First FS&LA, Summerville, GA	34,277	35,783	6,917
79	09-Mar	Commonwealth Savings Association, Houston, TX	1,796,502	1,661,352	102,546
80	09-Mar	City SA, League City, TX	39,630	40,946	2,167
81	09-Mar	Mesa FS&LA of Colorado, Grand Junction, CO	116,197	103,490	17,062
82	09-Mar	Sun Country SB of New Mexico, FSB, Albuquerque, NM	73,619	77,446	13,583
83	09-Mar	Bankers S&LA, Galveston, TX	109,501	111,451	9,177
84	09-Mar	Valley Federal Savings Bank, Roswell, NM	221,918	250,928	24,866
85	09-Mar	Lincoln FS&LA, Mt Carmel, TN	70,797	59,993	7,617
86	09-Mar	Colorado S&LA, Granby, CO	55,285	49,685	2,354
87	09-Mar	Citizens of Texas S&LA, Baytown, TX	71,346	105,430	6,828
88	09-Mar	Bayshore SA, La Porte, TX	50,038	53,084	7,063
89	09-Mar	First FS&LA of Colorado Springs, Colorado Springs, CO	362,468	314,252	21,866
90	09-Mar	Humble S&LA, Humble, TX	60,127	78,017	7,202
91	09-Mar	Phenix FS&LA, FA, Phenix City, AL	190,130	189,538	21,706
92	09-Mar	Village Savings, FSB, Houston, TX	122,470	154,069	11,123
93	09-Mar	Germantown Trust Savings Bank, Germantown, TN	132,704	101,558	8,135
94	09-Mar	First Capital SA of Texas, Houston, TX	85,489	110,082	10,236
95	09-Mar	Sun S&LA, Parker, CO	315,119	263,431	9,182
96	09-Mar	Spring Branch S&LA, Houston, TX	125,889	145,584	16,195
97	09-Mar	Rocky Mountain S&LA, Woodland Park, CO	17,968	17,707	3,002
98	09-Mar	Liberty County FS&LA, Liberty, TX	47,045	46,143	6,842
99	09-Mar	First FS&LA, Atlanta, GA	315,850	227,752	27,996
100	09-Mar	Trinity Valley S&LA, Cleveland, TX	94,431	83,297	3,686
101	09-Mar	Modern FS&LA, Grand Junction, CO	72,943	65,399	9,182
102	09-Mar	Continental Savings, A FS&LA, Bellaire, TX	545,196	597,129	14,195
103	09-Mar	American FS&LA, Albuquerque, NM	205,629	145,177	10,872
104	09-Mar	Bancplus Savings Association, Pasadena, TX	698,942	881,736	23,078
105	09-Mar	Ameriway Savings, Houston, TX	184,307	216,058	10,587
106	09-Mar	Hill Financial S&LA, Red Hill, PA	3,226,760	2,333,110	306,542
107	09-Mar	Alpine FS&LA, Steamboat Springs, CO	60,510	43,866	8,013
108	09-Mar	Century Federal Savings Bank, Trenton, TN	76,258	72,621	7,106
109	09-Mar	Valley FS&LA of Grand Junction, Grand Junction, CO	93,847	113,282	15,573
110	09-Mar	First Equity SA, Tomball, TX	95,994	119,509	10,522
111	09-Mar	Southeastern SA, Dayton, TX	64,869	70,759	6,090
112	09-Mar	Liberty Bell SA, Beaver Falls, PA	92,627	79,557	14,809
113	09-Mar	Universal SA, Houston, TX	218,458	265,330	9,334
114	09-Mar	Concord-Liberty S&LA, Monroeville, PA	217,400	222,562	52,901
115	09-Mar	Peoples Savings Association, FA, St. Joseph, MI	109,927	99,714	11,939
116	09-Mar	American S&LA of Brazoria, Lake Jackson, TX	286,628	321,711	15,614
117	09-Mar	Benjamin Franklin SA, Houston, TX	2,731,396	1,928,312	113,630
118	09-Mar	First Savings Bank of Alabama, FA, Hamilton, AL	25,288	22,799	3,578
119	16-Mar	First FS&LA of Seminole, Seminole, OK	35,427	33,547	4,140
120	16-Mar	Continental FS&LA, Oklahoma City, OK	654,308	505,851	97,317
121	16-Mar	Savings of Texas Association, Jacksonville, TX	79,394	79,391	5,759
122	16-Mar	First FS&LA, Baton Rouge, LA	43,790	44,135	5,167
123	16-Mar	Rusk FS&LA, Rusk, TX	53,167	45,405	4,946
124	16-Mar	Midwestern SA, Macomb, IL	117,639	95,514	16,158
125	16-Mar	Peoples FS&LA of Thibodaux, Thibodaux, LA	19,809	20,399	3,435
126	16-Mar	First FS&LA of the Florida Keys, Key West, FL	237,275	189,706	26,169
127	16-Mar	Deep East Texas SA, Jasper, TX	55,693	57,196	5,328
128	16-Mar	Brickellbanc SA, Miami, FL	39,590	35,944	2,173
129	16-Mar	The Duncan S&LA, Duncan, OK	153,036	134,977	14,180
130	16-Mar	Golden Triangle S&LA, Bridge City, TX	44,449	63,436	3,100
131	16-Mar	Financial Security FS&LA, Delray Beach, FL	151,354	146,001	9,858
132	16-Mar	Acadia S&LA, A FSA, Crowley, LA	134,771	136,174	10,947

INSTITUTIONS IN CONSERVATORSHIP *(as of August 8, 1989) Continued (Dollar amounts in thousands)*

No.	Date of Conservatorship 1989	Name of Institution & Location	At Date of Conservatorship Gross Assets	Deposits	Number of Accounts
133	16-Mar	Fidelity S&LA, Port Arthur, TX	$309,501	$257,434	20,512
134	16-Mar	River City Federal Savings Bank, Baton Rouge, LA	85,850	97,796	5,570
135	16-Mar	First FS&LA, Shreveport, LA	217,296	196,489	19,927
136	16-Mar	Royal Palm Savings Bank, West Palm Beach, FL	594,487	473,834	27,053
137	16-Mar	Chillicothe FS&LA, Chillicothe, IL	51,948	51,998	5,799
138	16-Mar	Southeast Texas S&LA, Woodville, TX	34,806	25,320	5,185
139	16-Mar	Family FS&LA, Shreveport, LA	30,594	22,583	2,029
140	16-Mar	Meritbanc Savings Association, Houston, TX	293,429	320,958	23,887
141	16-Mar	First FS&LA, Eunice, LA	26,333	15,465	1,799
142	16-Mar	Liberty FS&LA, New Port Richey, FL	66,800	88,723	8,020
143	16-Mar	Home FS&LA of Centralia, Centralia, IL	50,463	45,426	7,865
144	16-Mar	Security Savings Association, FSA, Texarkana, TX	302,555	466,295	25,593
145	16-Mar	First South SA, Port Neches, TX	312,455	461,539	11,190
146	16-Mar	Evangeline FS&LA, Lafayette, LA	46,635	74,233	2,282
147	16-Mar	Illinois Savings Bank, FA, Peoria, IL	72,756	61,555	6,457
148	16-Mar	Skokie FS&LA, Skokie, IL	1,006,169	729,771	92,276
149	16-Mar	Spindletop SA, Beaumont, TX	274,677	318,841	10,327
150	16-Mar	Sabine Valley S&LA, Center, TX	44,145	28,319	3,238
151	16-Mar	Miami Savings Bank, Miami, FL	159,887	147,490	12,368
152	16-Mar	First Venice S&LA, Venice, FL	55,603	58,890	7,226
153	16-Mar	First Savings Assn of Southeast Texas, Silsbee, TX	57,816	42,450	4,513
154	16-Mar	Jasper FS&LA, Jasper, TX	144,214	149,900	19,343
155	16-Mar	Jefferson S&LA, Beaumont, TX	136,419	122,620	11,305
156	16-Mar	Madison County FS&LA, Granite City, IL	132,161	126,879	22,518
157	16-Mar	Home FS&LA of Joliet, Joliet, IL	155,383	131,103	13,659
158	16-Mar	Lincoln S&LA, Miami, FL	268,811	245,130	15,031
159	16-Mar	Midwest Home FSB, Belleville, IL	133,594	97,476	21,543
160	16-Mar	General SA, Henderson, TX	75,193	47,020	4,398
161	16-Mar	American Security FS&LA, Chicago, IL	67,039	47,803	4,833
162	16-Mar	Timberland SA, Nacogdoches, TX	57,663	47,972	4,388
163	16-Mar	First Savings of America, A FS&LA, Orland Park, IL	37,306	41,992	10,914
164	16-Mar	First FS&LA, New Iberia, LA	69,448	60,511	6,801
165	16-Mar	Community FS&LA, Tampa, FL	14,316	14,795	2,749
166	30-Mar	City FS&LA, Birmingham, AL	717,164	603,510	125,232
167	30-Mar	Broadview Savings Bank, Cleveland, OH	1,732,491	1,082,662	130,865
168	30-Mar	Community FS&LA, Newport News, VA	9,568	9,876	1,446
169	30-Mar	Heritage FS&LA, Monroe, NC	307,440	235,711	28,514
170	30-Mar	Midland-Buckeye FS&LA, Alliance, OH	207,528	192,135	38,141
171	30-Mar	Baldwin County Federal Savings Bank, Robertsdale, AL	175,251	153,874	21,624
172	30-Mar	Great Atlantic Savings Bank FSB, Manteo, NC	129,613	115,747	3,129
173	30-Mar	Durand FS&LA, Durand, WI	115,064	112,125	33,881
174	31-Mar	Gibraltar Savings, FA, Bellevue, WA	1,806,920	1,462,460	82,359
175	31-Mar	Gibraltar Savings, Simi Valley, CA	12,280,469	7,278,224	605,353
176	05-Apr	Murray Savings Association, Dallas, TX	1,487,237	1,170,635	90,046
177	06-Apr	Founders S&LA, Los Angeles, CA	138,984	166,509	16,902
178	06-Apr	First FS&LA of Estherville & Emmetsburg, Estherville, IA	63,289	58,749	8,529
179	06-Apr	Republic Bank for Savings, FA, Jackson, MS	62,212	85,122	2,722
180	06-Apr	American FS&LA of Colorado, Colorado Springs, CO	854,986	674,097	42,396
181	06-Apr	Gateway Savings Bank, San Francisco, CA	82,665	126,108	4,813
182	06-Apr	American FSB, Austin, TX	34,948	31,560	1,733
183	06-Apr	First California Savings, FSA, Orange, CA	169,473	194,858	11,727
184	06-Apr	Equity FSB, Denver, CO	4,467	4,962	157
185	06-Apr	Resource SA, Denison, TX	664,429	425,925	13,188
186	06-Apr	First FS&LA of East Alton, East Alton, IL	58,141	55,660	6,792
187	06-Apr	State Mutual FS&LA, Jackson, MS	9,843	9,687	1,915
188	06-Apr	City S&LA, Westlake Village, CA	33,478	34,018	1,094
189	06-Apr	Cabrillo Savings Bank, Hayward, CA	73,249	61,915	5,943
190	06-Apr	Perpetual Savings Association, A FS&LA, Santa Ana, CA	19,416	28,992	1,464
191	06-Apr	First FS&LA of Southeast Missouri, Cape Girardeau, MO	394,510	331,012	71,530
192	06-Apr	Financial FS&LA, Joplin, MO	179,700	172,202	33,114
193	06-Apr	Libertyville FS&LA, Libertyville, IL	110,204	93,431	16,557
194	06-Apr	Cass FS&LA of St. Louis, Florissant, MO	57,397	65,429	9,363
195	06-Apr	Fidelity FSB, Corinth, MS	128,793	125,220	8,489
196	06-Apr	Heritagebanc SA, Duncanville, TX	190,860	145,400	18,359
197	06-Apr	Central S&LA, Jackson, MS	61,524	72,912	2,897
198	06-Apr	First of Kansas B&SA, Hays, KS	54,175	46,155	5,778

INSTITUTIONS IN CONSERVATORSHIPS *(as of August 8, 1989) Continued (Dollar amounts in thousands)*

No.	Date of Conservatorship 1989	Name of Institution & Location	At Date of Conservatorship Gross Assets	Deposits	Number of Accounts
199	06-Apr	Arrowhead Pacific Savings Bank, San Bernardino, CA	$62,961	$88,042	6,931
200	06-Apr	Royal Oak S&LA, Manteca, CA	35,214	35,489	4,207
201	06-Apr	City Federal S&LA, Oakland, CA	20,573	27,896	4,194
202	06-Apr	Sioux Valley S&LA, Cherokee, IA	86,302	90,756	12,529
203	06-Apr	Washington S&LA, Stockton, CA	67,832	68,631	7,433
204	06-Apr	Central Texas S&LA, Waco, TX	232,020	210,592	13,907
205	06-Apr	Centennial Savings Bank, FSB, Greenville, TX	113,012	82,688	7,392
206	06-Apr	Park Cities Savings Association, Dallas, TX	49,375	36,937	1,390
207	06-Apr	Unified Savings, A FS&LA, Northridge, CA	39,514	52,295	566
208	06-Apr	Bedford SA, Bedford, TX	106,899	102,567	6,608
209	06-Apr	Delta FS&LA, Drew, MS	11,200	13,807	2,116
210	06-Apr	Golden Circle SA, FSB, Corsicana, TX	20,997	18,502	1,150
211	06-Apr	Excel Banc Savings Association, Laredo, TX	170,691	158,610	8,529
212	06-Apr	Independence S&LA, Vallejo, CA	446,288	373,319	42,771
213	06-Apr	Meridian Savings Association, Arlington, TX	136,991	434,783	7,867
214	14-Apr	Lincoln S&LA, Irvine, CA	5,089,732	4,193,981	177,199
215	27-Apr	Westco Savings Bank, FSB, Wilmington, CA	189,190	181,399	13,405
216	27-Apr	Metropolitan FS&LA, Denville, NJ	169,302	174,146	39,873
217	27-Apr	Seabank Savings, FSB, Myrtle Beach, SC	35,874	33,632	2,599
218	27-Apr	Southwest S&LA, Los Angeles, CA	930,434	790,040	69,599
219	08-Jun	Horizon Financial, FA, Southampton, PA	2,580,674	1,722,803	292,032
220	08-Jun	Civic Savings Bank, Portsmouth, OH	103,539	99,296	14,307
221	14-Jun	Sun State S&LA, Phoenix, AZ	1,106,534	905,956	42,743
222	14-Jun	Western S&LA, Phoenix, AZ	6,070,440	4,361,007	453,375
223	22-Jun	Great Southern Federal Savings Bank, Savannah, GA	922,015	620,180	86,479
224	22-Jun	Habersham Federal Savings Bank, Atlanta, GA	93,516	89,901	4,391
225	22-Jun	First FS&LA, Americus, GA	57,490	47,001	9,259
226	29-Jun	The Guardian FS&LA, Bakersfield, CA	37,872	35,817	706
227	29-Jun	Peoples S&LA FA, Hampton, VA	25,799	24,265	3,328
228	29-Jun	Amerimac Savings Bank, FSB, Hillsboro, IL	28,730	24,247	3,082
229	29-Jun	Missouri Savings Association, Clayton, MO	677,515	505,547	104,342
230	29-Jun	Victoria SA, Victoria, TX	963,018	886,911	16,217
231	29-Jun	First FS&LA, Bakersfield, CA	136,339	132,882	12,346
232	29-Jun	Mid Missouri S&LA, Boonville, MO	77,157	63,272	11,927
233	13-Jul	Cornerstone Savings Association, Houston, TX	117,396	109,698	1,880
234	13-Jul	Cross Roads S&LA, Checotah, OK	17,381	17,148	859
235	13-Jul	First S&LA, FA, Waco, TX	418,382	412,634	47,619
236	13-Jul	Pioneer FS&LA, Plymouth, IN	82,110	92,273	14,055
237	20-Jul	Peoples Bank for Savings, Streator, IL	50,682	47,076	3,284
238	20-Jul	Home FS&LA, Memphis, TN	221,126	164,252	12,388
239	20-Jul	Sierra FS&LA, Beverly Hills, CA	39,992	39,906	1,261
240	20-Jul	Commonwealth S&LA, Margate, FL	1,651,394	1,176,046	68,311
241	20-Jul	Parish Federal Savings Bank, Denham Springs, LA	15,298	14,821	2,593
242	20-Jul	New Mexico Federal Savings & Loan, Albuquerque, NM	253,865	193,377	22,278
243	20-Jul	American Interstate Savings, A FS&LA, Los Angeles, CA	26,200	25,017	326
244	27-Jul	Capital S&LA, West Helena, AR	90,522	45,994	3,675
245	27-Jul	LaFayette S&LA, Gretna, LA	29,618	26,776	3,023
246	27-Jul	Hallmark Savings Association, Plano, TX	180,273	175,769	2,052
247	27-Jul	Federal Savingsbanc of the Southwest, Kilgore , TX	49,161	36,342	2,184
248	27-Jul	Guaranty Federal Savings Bank, Taylor, MI	220,147	192,389	22,267
249	27-Jul	North American Savings Association, San Antonio, TX	102,197	92,488	3,988
250	27-Jul	Commercial Federal Savings Bank, Hammond, LA	78,349	66,326	8,716
251	27-Jul	Capital City SA, Austin, TX	555,680	395,659	22,393
252	27-Jul	New Braunfels S&LA, New Braunfels, TX	89,410	82,031	3,060
253	01-Aug	Caprock S&LA, Lubbock, TX	503,813	453,307	13,585
254	04-Aug	American S&LA, New Orleans, LA	69,980	73,500	3,309
255	04-Aug	Security Homestead Association, New Orleans, LA	583,224	533,956	80,818
256	04-Aug	Home S&LA, New Orleans, LA	37,980	34,839	1,914
257	04-Aug	Citizens Homestead Association, New Orleans, LA	119,624	115,723	15,645
258	04-Aug	Delta S&LA, Kenner, LA	177,365	111,674	5,097
259	04-Aug	South S&LA, Slidell, LA	285,525	246,383	26,809
260	04-Aug	Central S&LA, New Orleans, LA	62,685	62,872	9,902
261	04-Aug	Terrebonne S&LA, Houma, LA	29,378	24,152	5,191
262	04-Aug	First City S&LA of Baton Rouge, Baton Rouge, LA	21,428	24,786	2,244
	TOTALS	**262 Institutions**	**$114,322,627**	**$91,721,957**	**8,787,092**

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RTC RESOLUTIONS *(August 9, 1989 through December 31, 1989) (Dollar amounts in thousands)*

Date of Resolution	Name of Institution & Location	Type	Gross Assets	Total Deposits	Number of Deposit Accounts	Initial Outlay	Estimated Recoveries	Acquiring Institution & Location
10-Aug	Liberty FS&LA, New Port Richey, FL	IDT	$ 61,872	$ 89,596	8,296	$ 91,700	$ 51,234	The Citizens & Southern National Bank, Ft. Lauderdale, FL
10-Aug	Park Cities SA, Dallas, TX	IDT	44,448	33,236	1,427	39,623	34,471	Comerica Bank Texas, Dallas, Texas
10-Aug	First Savings of America FS&LA, Orland Park, IL	IDT	25,020	45,671	9,679	46,687	21,117	St. Paul Federal Bank for Savings, Chicago, IL
18-Aug	Evangeline FS&LA, Lafayette, LA	IDT	49,871	78,366	1,915	78,673	8,857	Hibernia National Bank, New Orleans, LA
18-Aug	First FS&LA of Coffeyville, KS	IDT	81,796	85,646	12,838	86,056	51,514	Bank IV Coffeyville, Coffeyville, KS
18-Aug	Century S&LA, Baytown, TX	IDT	57,097	86,637	6,309	83,917	41,932	NCNB Texas National Bank, Dallas, TX
18-Aug	Sioux Valley S&LA, Cherokee, IA	PO	69,672	91,656	11,939	91,160	39,375	None
25-Aug	Home FS&LA, Mountain Home, AR	PO	41,265	70,292	6,306	60,980	32,251	None
25-Aug	First FS&LA, Malvern, AR	PO	53,264	52,225	6,454	51,062	28,950	None
25-Aug	Perpetual SA FS&LA, Santa Ana, CA	IDT	17,497	29,515	1,193	29,304	17,369	Bank of Industry, City of Industry, CA
25-Aug	City S&LA, Westlake Village, CA	IDT	29,507	31,704	1,042	33,326	32,071	Olympic National Bank, Los Angeles, CA
08-Sep	American FSB, Austin, TX	IDT	30,933	30,342	1,872	30,747	22,215	NCNB Texas National Bank, Dallas, TX
08-Sep	Elmwood FS&LA, Harahan, LA	IDT	57,581	48,440	3,547	47,615	41,635	First National Bank of Commerce, New Orleans, LA
08-Sep	Enterprise FS&LA, Marrero, LA	IDT	70,332	65,664	5,303	67,663	41,292	Whitney National Bank, New Orleans, LA
15-Sep	Nile Valley FS&LA, Scottsbluff, NE	IDT	48,300	61,653	3,172	62,400	31,728	First National Bank & Trust, North Platte, NE
15-Sep	Great Atlantic SB, Manteo, NC	IDT	117,164	110,516	2,798	109,999	78,416	NCNB National Bank of North Carolina, Charlotte, NC
15-Sep	First SA of Louisiana, La Place, LA	IDT	29,700	44,480	4,056	44,858	13,404	Hibernia National Bank, New Orleans, LA
15-Sep	Humble S&LA, Humble, TX	IDT	43,398	78,849	7,218	79,637	30,146	Hibernia National Bank in Texas, Pflugerville, TX
22-Sep	Habersham FS&LA, Cornelia, GA	IDT	87,616	90,144	4,095	87,945	72,695	First National Bank of Commerce, Commerce, GA
22-Sep	Colonial SA of America, Liberal, KS	IDT	66,185	60,763	4,691	61,300	40,540	The Garden National Bank, Garden City, KS
22-Sep	Village Savings FSB, Houston, TX	IDT	100,282	158,628	10,352	160,591	53,788	NCNB Texas National Bank, Dallas, TX
22-Sep	First Capital SA of Texas, Houston, TX	IDT	74,092	116,422	9,961	112,553	33,619	NCNB Texas National Bank, Dallas, TX
22-Sep	Unified Savings a FS&LA, Northridge, CA	PO	30,597	49,608	571	46,896	28,120	None
22-Sep	First California Savings, Orange, CA	IDT	143,110	196,938	11,772	210,063	127,342	First American Bank, Rosewood, CA
06-Oct	Trinity Valley FS&LA, Cleveland, TX	IDT	76,848	79,833	3,637	79,376	63,897	Hibernia National Bank in Texas, Pflugerville, TX
06-Oct	Southern Floridabanc FS&LA, Boca Raton, FL	IDT	132,728	245,914	17,565	256,361	65,110	NCNB National Bank of Florida, Tampa, FL
06-Oct	Acadia S&LA, Crowley, LA	IDT	104,994	141,418	10,673	142,366	41,881	Iberia Savings Bank, New Iberia, LA
06-Oct	River City FSB, Baton Rouge, LA	IDT	88,288	101,181	4,964	111,163	22,019	Hibernia National Bank, New Orleans, LA
13-Oct	Freedom S&LA, Tampa, FL	P&A	992,573	1,098,878	147,178	1,177,385	609,522	NCNB National Bank of Florida, Tampa, FL
13-Oct	University FSA, Houston, TX	P&A	3,762,282	3,462,469	359,759	4,423,197	1,070,974	NCNB Texas National Bank, Dallas, TX
13-Oct	Hill Financial SA, Red Hill, PA	P&A	2,695,249	2,019,035	287,735	1,849,248	1,199,023	Meridian Bancorp, Inc., Reading, PA
13-Oct	Pacific Savings Bank, Costa Mesa, CA	P&A	868,381	960,922	46,096	1,091,338	445,279	Royal Trustco, Toronto, Canada
20-Oct	Independence S&LA, Vallejo, CA	IDT	344,165	351,986	42,179	362,954	5,898	Bay View Federal Savings & Loan, San Mateo, CA
15-Dec	First Savings Bank of Alabama, Hamilton, AL	IDT	23,243	20,038	3,141	22,055	21,802	SouthTrust Bank of Marion County, Hamilton, AL
15-Dec	Concord-Liberty FS&LA, Monroeville, PA	P&A	187,272	194,248	50,465	52,549	(882)	Parkvale Savings Association, Monroeville, PA
15-Dec	Liberty Bell SA, Beaver Falls, PA	P&A	69,481	64,846	13,573	15,026	(872)	Reeves Bank, Beaver Falls, PA
19-Dec	Seabank FSB, Myrtle Beach, SC	P&A	30,871	33,553	2,272	29,413	29,143	First Citizens Bank & Trust Company, Columbia, SC
	TOTAL 37 Institutions		**$10,807,974**	**$10,581,312**	**1,126,043**	**$11,427,186**	**$4,546,875**	

Notes:

1) Gross Assets & Total Deposits data are based on TFR data for the month prior to the date of resolution

2) IDT - Insured Deposit Transfer; PO - Deposit Payout; P&A - Purchase & Assumption

Prepared by RTC Analysis

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Resolution Trust Corporation
801 Seventeenth Street, N.W.
Washington, D.C. 20434-0001

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